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Buy a Brick, BREAK THE THERMOMETER!

The National Emergency and Education

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THE NATIONAL EMERGENCY which we have been facing since June of 1950, although not called officially by the President until December, has brought squarely home to the American people the problems of national security and defense. This emergency calls upon us all to pledge our lives, our fortunes and our sacred honor, with all sacrifice commonly shared, in order that this land may be protected, its culture and civilization maintained and secured for the future, and its role in world affairs in pursuit of peace and prosperity for all assured.

It has been becoming clearer and clearer to the American people that the extent and the duration of the emergency may be broad and long. We face no simple crisis to be met in a matter of a few months or perhaps even a few years; if our wiser observers are to be believed, we may well be in a state of semi-military mobilization and warm war, neither hot nor cold, for a period of years. Certainly the nation is wise under circumstances such as this to plan its program of mobilization so that its youth may be prepared, its industries undergirded for the needs both of the civilian and the defense economy, and its program of government and public services so organized that we may be able to achieve the full requirements of security and of defense while at the same time not abandoning the essentials of our democracy and common life. It is important, however, for us to hold in front of our minds the high possibility, indeed the probability, of an emergency of long duration, a situation calling upon the American people for a kind of tenacity of mind, firmness of purpose, continuing devotion to the common good which are difficult qualities or attributes of the public spirit to achieve on a steady and continuous basis within a democracy.

Security For the United States

It has also been becoming clearer and clearer to the American people that security for the United States is to be based upon something more than military prowess and strength. Our security is also based on political, ideological and economic factors. I shall not enlarge upon this aspect of our problem but I suggest that it may well be that the security of this land depends finally upon the degree of like-mindedness, the willingness to accept sacrifice in the common effort, the determination to resist attack and the power of endurance under stress possessed by those who have been our allies in recent years and those who with us within the United Nations are seeking a common front against aggression, against communism, that is, those who constitute the freedom-loving peoples within the United Nations.

It goes without saying that under circumstances such as these all of our resources should be organized and if necessary mobilized not only to meet the needs of civil defense within our lands, not only to meet the point of attack abroad or at home, but also to sustain the complex economic, social and political structure which constitutes the culture and civilization of America today.

You are deeply concerned with one phase of our economy and all of its ramifications to the many-sided aspects of American economic life. Credit is a vital force; it undergirds and underlies the economy of this country and has been a basic factor in the development of the various types of capitalistic systems that the world has known in Western society. You are concerned today about the relationship of the distribution and utilization of credit not only to the continuity of the flow of civilian goods but also to the far larger question of the impact of the flow of credit upon the possible threat of inflation in this country. I cannot fail to recognize that consideration of the national emergency and the relationship of education to it requires that I make some reference to the problem of economics under conditions of a defense economy and inflation. Inflation is an insidious thing; rising prices bringing with their trend the reduction of the purchasing power of the monetary unit constitute for every one of us an attractive appeal—attractive until we discover that such an influence moving broadly within the economy operates to undermine the ground upon which we stand. The temporary advantages obtained with rising prices to one group soon are matched by rising prices to another group and the situation remains similar to what it was before but with this difference: that in the transitional process from one level of prices to another, there has been dislocation of all of the relationships between prices and costs, including wages, salaries and other expenses, dislocation between the volume of production in one area of industry and another and as between one area of the country and another—so that the immediate effect of inflation is the dislocation of all economic benchmarks. Under an inflationary order man moves forward without the customary standards of judgment which have been his. This is our danger now. If we are really to face the threat of inflation seriously, we shall not fail to maintain strict controls of credit. I say this courageously. I know that you are devoted to the common good of this country and I know that you wish to have the distribution of credit as developed from within your retail programs and through the finance companies, through the banks and through all of the agencies so organized and controlled that it will serve the common good. Control of credit is but one aspect, however, of the present problem of withstanding the tide of inflation. There must be increased taxation, there must be wage and cost control, there must be such controls over exceedingly scarce raw materials and some finished products that the defense program will not suffer, there must be reduced government expenditures, and there must be more willingness to eliminate waste throughout the entire economy.

I could not fail, as an economist, to make reference to the problem of inflation. It bears a real relationship to the question of education. In education all over the land, costs are rising and apart from the tax-supported institutions there is pressure occasioned by rising price levels affecting salary schedules and all of the costs of education. Even though endowment principals may be

rising, the upward pressure on the cost of living is requiring revision of the salary schedules and all the costs of operation of higher educational institutions. Inflation constitutes a threat today to all the trusteed institutions: colleges, universities, hospitals, all of the benevolent institutions created out of the thoughtful and charitable mind of men for the good of society. Let us not be calm and unconcerned with reference to the threat of inflation today.

Education is one of America's greatest resources. Our technology, our science, our morale, our initiative and our capacity for intelligent action did not just happen. They are the product of a long history which began with the planting of the little red schoolhouse in every new community as the people of this country moved west from the Atlantic seaboard. They are the product of the concern of the church and of the state for the establishment of institutions of higher learning. They are the product of the concern of industry for adequate science and technology to achieve the goals of production which this country has envisaged. Our democracy, our high level of literate citizenship, our sense of community, our capacity to differ with one another even with internal tension and strain but without collapse has been due to the genius of our people. But our genius derives from free institutions, from free economy and from free education. A free society is not possible without free education. Free education means not a single monolithic, monistic pattern of education under the control of some single agency, but it means opportunity for a variety of voluntary efforts in the purveying of learning, in the building of character, in the application of knowledge and in the search for new knowledge. One of the fundamental reasons why education in this country should never be dominated by the Federal government is that insofar as it is a responsibility of the various states, this in itself would provide some degree of variety in the type and patterns and programs. Furthermore, one of the most solid protections of the free society of America is the existence of the large number of independent or private colleges and universities of this land both in the field of technical education and in the field of the liberal arts and sciences, the broad fields of learning.

Education and Our National Emergency

What shall happen to education in this period of our great national emergency? One answer would be to liquidate it. Is there anyone who would be willing to embrace this point of view? Yet there are those today whose voices sound like a renascence of a once existing political knownothingism in America, who talk and sometimes act as if America could maintain its strength, hold its security, achieve its military prowess, its scientific advancement and its industrial productivity without a continuing program of education steadily pouring into the life-stream of American life the youth of this land properly trained in mind and body and spirit so as to fulfill the requirements of a complex democratic industrial civilization. No, certainly there will not be in this land a willingness to liquidate education.

At the opposite extreme there is the point of view that even during a national crisis and emergency what we should do is seek to strengthen in every quarter the program of education both as to quality and as to quantity of persons being embraced. However, acceptance of this point of view would require the utilization of both resources and manpower which might be necessary for the maintenance of the defense and security of the land. I doubt if there are many who, at this period of time, regretting as they may the necessity for some degree of curtailment of the program of education, would take this view. What *is* important is that we maintain the essentials and that we reconstruct our existing pattern of education to meet the needs of the defense economy to adapt all efforts to the current situation. Nevertheless, considering the probable long duration of the emergency, we must be careful lest in our effort to defend ourselves we shall deprive our land of the very essence of its life.

Education is Bulwark of American Democracy

Liberal education is a bulwark of American democracy and freedom and the historic medium in American culture of reflecting, preserving and refining the best elements of the American way of life. In the present crisis American colleges and universities desire to serve to the greatest possible extent the cause of national defense, security, freedom and unity. The liberal arts colleges and universities constitute truly a vital, moral, spiritual and intellectual resource of incalculable value. It would be indeed tragic if in defending American freedom and security from attack from abroad we should lose such an essential element of our American culture as is represented by liberal arts education.

If we cannot at this time, because of limitation of resources, expand and increase education, at least we should hold the line. But what line should we hold? Shall it be only technical education? I represent a liberal arts college and important though technical education is in certain aspects of military prowess and organization, important though certain aspects of technical education may be for industrial performance, the person who understands the full nature of the responsibilities of government and of industry today in the maintenance of defense and security will recognize that we need also persons who are trained in the fields of accounting, economics, government, of the arts and skills of language and speech, in foreign languages, indeed in all of the fields of the social sciences, the humanities and the arts, as well as the natural sciences—so that we may constantly have a balanced flow of persons qualified for leadership into the armed forces, into government, and into industry. The pipelines that contribute to our whole economy and our whole society should be continuously filled. It would be a great disaster to American life if five or ten years from now we should find we should have not only insufficient flow of persons into the medical professions and the other healing arts, or into the fields of the physical sciences, but also into the fields of government and of industrial leadership.

In the present emergency, which is probably of long duration and necessarily of severe effect upon the colleges in reduced enrollment, many if not all of the independent liberal arts institutions, and by this I mean those that are not supported by taxation, will be seriously endangered financially and some will be tempted to forsake their independent character. It is important and desirable, insofar as is consistent with the other needs of our nation, to sustain and preserve as many as possible

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of these independent institutions for the continuing contribution to American cultural and institutional survival beyond the emergency along with state and other public educational institutions. There is great value today in a proper understanding of the place of the independent liberal arts college and university in the life of this nation. Most of the independent colleges and universities, especially the smaller ones, center their educational programs about the liberal arts.

A Review of Higher Education

A review of the whole field of higher education in America indicates that there are several threads. There are the independent institutions; and there are the tax-supported institutions. There are the liberal arts institutions; and there are the technical education institutions. There are the large institutions; there are the small institutions. No general or simple classification of American higher educational institution is possible. All are necessary to fulfill America's educational needs. I for one believe we should more positively emphasize the relatively small independent liberal arts college, but in so doing I would not be classified as being in opposition to public higher education. Public and independent institutions are complementary. Public institutions should see the strength of free democratic education as requiring the independent institutions as well as the publicly supported institutions. Independent colleges also, while singing their own praises with reference to the unique factors which they possess, should not focus attention on some of the very great weaknesses of the large public institutions. We should all work together today in this national emergency for the common good.

I spoke about the wide variety of interests and emphasis upon the higher educational institutions. Look for a moment at the independent liberal arts colleges and universities of this land. They number about 500, at least those that are accredited. They vary in size from 200 to 1,500; in finance from practically no endowment to 25 million or more; in curriculum from a streamlined program to 25 or more departments; in educational philosophy from traditional and classical to functional and progressive; in social and economic outlook from liberal or near-radical to conservative or near-reactionary; in appeal to income and social class levels there is wide variety as well as considerable difference in rural as against urban backgrounds, in religion as among those under Roman Catholic, Protestant or Jewish or no denominational auspices and relationships. In quality and in quantity of faculty, in plant and equipment there is great variety, but this is the genius of our culture. They reflect a voluntaristic, pluralistic free democratic society. These are important elements of the strength of independent colleges just as they are the important elements of the strength of Western culture. All of these institutions are the breeding centers of American democracy. They are primarily teaching institutions although some research is embraced, with varying emphases in developing persons and character. They have produced leaders and many good citizens; they claim to nurture moral and spiritual values. Indeed, the uniqueness of American higher education may lie in its manifest diversity. Certainly those institutions, both independent and tax-supported, should be preserved which have already demonstrated their fruits by their scholarship and academic strength or by their democratic effectiveness, or by their loyalty to Western culture and to this land, or by their intellectual freedom and independence.

During this period of the emergency there have been disclosed a number of reactions to both independent higher education and the field of liberal arts education. One might well ask, is there anything wrong in the climate of public opinion about independent liberal arts colleges and universities? I would say that too large a part of the American public opinion believes that privately supported education is snobbish or aristocratic, anti-democratic, anachronistic, vestigial. I believe every one of these charges against private higher education is unjustified. Too large a part of the American public which should be in support of independent education has not been. The proportion of the benevolent dollar which has gone to the support of independent education has declined. Of course this is worthy of careful study. Some have believed that independent colleges are too progressive or radical while others have believed that they are too conservative. Regretfully, in recent months a segment of American opinion has considered the independent liberal arts colleges self-seeking and not sufficiently cooperative in the national mobilization need. Speaking for the college presidents of America I, although I have not been appointed to do so, do not believe that this is justified but regardless of that, it is a fact in public opinion which must be met and countered. For example, a great portion of American public opinion does not truly understand that the program of Selective Service in deferring selected portions of collegiate manpower from immediate military service is not exempting those men from military service. *It is deferment, not exemption,* and it derives not simply from the pressure of college presidents for the maintenance of enrollment, as a type of self-seeking, but primarily and fundamentally from a realization upon the part of American military, governmental and industrial leadership that the military program and the economy of the country cannot be expected to be maintained at full levels of operation over the years that lie ahead without a continuity of the flow of qualified personnel into the various aspects of higher education, of graduate work, or specialized technical education, of research and of business and industry. Let us have no narrow conception of American life or of the responsibilities of American leadership. At the severest strain in World War II, at the time of the defense of Stalingrad, the Soviet Union kept its universities filled. At the periods also of the greatest strain on the western front, England kept its universities effectively utilized for the program of the war. We face no short-run readjustment; we face the task of maintaining the institutional life of this country at its full vigor while at the same time defending our land. If our security is not alone military but political, ideological and economic, then our preparation for defense includes all of the arts and sciences, all of the skills that make for national capacity in all of these areas of security.

What I have been saying to you today could be restated, gathered up again in summary form under several principles.

One is that there must be preserved a steady and uninterrupted flow into the reservoir of trained manpower to fill all the critical needs of this nation, including its international commitments in the years ahead. Leadership of all types, whether political or economic or military or religious, will not be less necessary in the years ahead than it is today. Research specialists of a high order, men with the technical and industrial know-how, are continuing imperatives that must not escape us.

A second point is that our educational institutions, particularly our colleges and our universities, have a critical part to play in meeting both immediate and long-range needs for trained manpower. Since institutions of higher learning normally enroll approximately one-third of the men between the ages of 17 and 22, no plan can afford to overlook this fact or, in a cavalier manner, pass it by with the smug statement, "This is no time for special interests." Colleges and universities must be integrated with whatever manpower program we adopt for the good of the nation as a whole and not just alone for the sake of the college and university administrations and faculties themselves, not solely because of the young people themselves.

But there is a third point. We must not lose sight of the fact that in a democratic nation we are dealing with men as individuals, not with units in the mass. Men possess bodies and souls, they are endowed with intelligence and free will, they differ from one another in talents, ability and capacity. No manpower program can afford to treat men in the mass without concern for their dignity as human beings and for the discovery of their most effective utilization in the total needs of society. If we lose sight of these principles the battle with totalitarianism has been lost at the start. Communism treats people in the mass. Our culture and our heritage are different.

What I would seek to do is to help increase the public understanding of the role of higher education in contemporarily American democracy, to strengthen rather than to weaken your appreciation of the part that education plays at a time of national emergency and great emotional stress.

Major Problems of Education

Lest you think that what I have been saying is the product of self-interest alone, lest you think that I may not be reflecting the voice of other important phases of American life, let me give you some of the reactions which I have recently obtained from business organizations and business leadership. I happen to be the chairman of an Emergency Committee on Cooperation with National Organizations appointed by the Association of American Colleges to deal with the current national scene and the place of liberal education and independent education in that scene. I have had contacts with many national business and industrial organizations. At the present time the education committees of the National Association of Manufacturers, of the United States Chamber of Commerce, and the Committee for Economic Development are giving serious consideration to the major problems of education. The National Association of Manufacturers has a committee working actively with a group of college presidents to see how the more promising faculty personnel who may be displaced due to reduced enrollments, may be utilized in research. The Committee on Economic Development is concerned about the utilization of such personnel and educational institutions for on-the-spot research and on-the-spot training of both civilian and military personnel. The United States Chamber of Commerce has brought forward a proposed new declaration of policy upon the part of its Committee on Education in which it states that education is an investment in people, that businessmen have a vital stake in the progress of education, both public and private, that an adequate educational opportunity through our schools and colleges should be assured for every capable American citizen able to take advantage of these educational resources that the American public school system is traditionally and distinctively a community affair, that active citizen participation is basic to the preservation and improvement of the American public school system, and that there should be today maximum use of the available facilities of American colleges, universities and technical schools during the period of mobilization for defense.

All over this land college presidents are taking their case direct to those strong-minded Americans who believe in perpetuating the free economy and the free society, who believe in private enterprise in education as they believe in it in economic affairs, presenting as I am to you the responsibilities that we all have of supporting the institutions that stand for the things for which we as citizens stand. The colleges of this land will not give up without a struggle for they are built out of a vitality, a self-reliance, a quality of individual initiative which, combined with strength of character, have built this land. Just as our public schools have had no hesitancy, therefore, in asking good citizens whether they have gone to school or not, whether they have gone to college or university or not, to help those institutions stay strong so that they could continue to teach tomorrow's young men and women the principles and ideals which have made our country great, so the private and independent colleges, universities and technical schools are making the

(Turn to "National Emergency," page 25.)

Consumer Credit in a Guns-and-Butter Economy

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A THOUSAND YEARS have elapsed since Pearl Harbor; a century's span since VJ Day. How else can one put it? The speed and spread of what has gone on can only be pictured with adequate vividness and vigor by resort to "hyperbole." In the decade of actual calendar years that has rushed by pell-mell since the sneak attack that set off our active participation in World War II, a vast deal of human, political, and economic history has been telescoped. It is scarcely easy to cast up the account or to guess the future trend.

Certainly the business nerves of the nation have been profoundly jarred and jangled. As business managers and business practitioners, we have all been swept about, turned topsy-turvy, tumbled and tousled into a state of constant jumpiness.

More perhaps than in any decade of calendar years in our entire economic history, international political affairs have had a direct and substantial effect upon our domestic business since 1941. And in the decade that extends ahead the uncertain impact of international events must condition any and all of our forecasts.

Just a little short of a year ago, the outbreak of the Russian aggression through her North Korean satellite state caught us completely off guard. It very quickly made us conscious of the fact that since VJ Day, we had been devoting entirely too much of our business effort to beating our swords back into ploughshares. It showed us that, militarily speaking, we were neither mobile enough nor sufficiently staffed and equipped to meet even the demands of a limited police action. It proved that one of the best kept Washington secrets had been what we actually did have on hand to show for the $10 to $12 billion per year that we had been spending on the military establishment since 1945.

More than all else, it told us emphatically that our chances of enjoying a reasonably long peace economy free from domestic military activity in the foreign field had gone down the drain! Here in America, in the past, the businessman has known two kinds of economies and two only: A War Economy and a Peace Economy.

Naturally, the lessons of an all-out War Economy came to our minds immediately and incisively after the outbreak of Korean hostilities. And in an all-out War Economy, of course, the new demands of the shooting must take precedence over all else. A wholesale shift from civilian to military production must occur and at once. An immediate and drastic curtailment of the supplies of civilian goods must be effected. Austerity is the inevitable way of life for the civilian in an all-out War Economy. And given any prolonged all-out hostilities, consumer durables practically disappear. The war effort, month by month, builds up unsatisfied demand. Incomes tend to rise sharply, governments resort to deficit financing, new money is created and inflationary pressures abound.

Now, of course, as a matter of fact, since last June we have actually been living, working, and doing business in a new kind of economy. While it resembles a War Economy, it is different in basic respects from anything that we have experienced in our entire history. It is aptly described as a Mobilization or a Garrison Economy.

The emphasis in an economy that involves mobilization and rearmament rather than all-out war does not primarily fall upon a full-tilt production of munitions, guns, tanks, and planes that are to be immediately used up in enormous quantities and in widespread combat. The factor of obsolescence is too important in terms of waste and the military effectiveness of deferred performance. Rather, then, the emphasis falls upon the creation of greater productive capacity for the manufacture of war material—yes, emphasis upon expanding and overtooling plants for future production and upon developing new designs. In this new kind of an economy, too, the old issue of guns *or* butter is dead. We must have both. The social interest demands a continued distribution of civilian supplies, interrupted or cut back only in the short run, until capacities can be increased. As the Joint Senate-House Committee on the President's Economic Report puts it, I quote: "In the emergency period we cannot afford to fight inflation by the traditional method of directing controls toward reducing the general level of employment and productive capacity." No, we need to maximize effective supply. And we must move the civilian portion of that supply whatever its quantitative downs and ups may be. If we do not, no scheme of taxation will produce sufficient revenues to avoid heavy deficit financing and the monetization of public debt through sales of Treasury obligations to the banks. Regardless of the degree or length of any defense "tension period," our effort must be financed out of income created by civilian manufacture and sales which thus becomes a necessary complement of defense manufacture and sales.

Avoid All-Out and Total War

If we can avoid all-out and total war with a major foe for two to four years to come, if we can avoid any pyramiding of war necessities through localized military aggressions by the Soviet satellites over widespread geographic areas, our limited mobilization guns-and-butter economy will continue. And in it, the shortages of consumer goods will be much less pronounced than in a War Economy. Moreover, such shortages as do come into being will be short lived. In such a situation no huge backlogs of unsatisfied demand for consumers goods will be created. Furthermore, there will come a time when expanded productive capacity can provide both guns *and* butter, yes, even when butter must be competitively sold again. And goods are never really produced, of course, until they are properly distributed.

Under the direction of Charles E. Wilson, our current mobilization effort embraces three steps:

1. Increased war production to provide munitions for a 50-65 billion dollar a year effort. Obviously, this production and stockpiling will not be enough for an all-out war. However, it is estimated to be enough

to discourage the Soviet from starting an all-out war. And it is thought to be enough to check Russia for a year, if her own armies do start to march.

2. An increased production of basic materials to lay the foundation for full mobilization in the event of all-out war. In a Garrison State, emphasis must fall especially upon larger capacities to produce and to process basic materials.

3. Increased capacity for civilian output to be provided so that our 1950 living standards can be regained by 1953 or 1954, so that by then, at least, we can have both guns and butter.

That threefold program is entirely within our reach. Industry has already embarked upon plans to spend the record sum of about $24 billion on plants and equipment during the current year, 1951. Adjust that figure as you will for price inflation and for the extent to which possible labor and material shortages may shrink it, and there will still be left in it a striking gain in productive power.

Naturally, mobilization needs will impinge unevenly on different kinds of goods and services. The mobilization of the Garrison State will have its greatest impact at different times in different industries.

But it does appear that in some industries, as early as the latter part of next year, and in most industries as early as 1952, the peak of military supply requirements may well have been reached and passed. Thereafter, a renewed expansion of civilian production seems certain to bring a return of a buyers' market. Perhaps by 1953 and almost certainly by 1954, the odds are that we will have to meet the problem of distributing as much of civilian goods and services as we were able to market in the bumper days of 1950.

As yet, of course, the actual military bite upon civilian output has been very small. Few of us, apparently, really appreciated the productive capacity of industry, the time necessary to place defense procurement orders, and the lag in tooling up for defense production.

The current rate of defense production is estimated to be about equal to, say, twenty points of the Federal Reserve Board's Index of Production which stood at 222 in March. The index' average for all of 1950 was 200. Thus far this year it has been steady at between 220 and 222. Therefore, after taking into consideration the production used for military purposes, sufficient capacity has remained to allow for the output of as much or more civilian goods this year as were produced in a like period last year.

Businesswise, what happened to us from June 1950 to March 1951—a snowballing of inventories—was largely caused through scare buying by manufacturers, distributors, and consumers. It was fear that blew up the business whirlwind! And curiously, this fear was not solely an apprehension of goods shortages. Nor, at bottom, was it a fear of the disasters of war. Rather, in large part, it was a fiscal fear, an expectation of a further depreciation in the value of the dollar.

The consumer borrowed in order to buy. Consumer credit, as reported in the *Federal Reserve Bulletin*, increased $644 million in July 1950, $547 million in August 1950, and $488 million in September 1950. Moreover, the consumer fled from liquid assets in order to buy. In January of 1951 alone he found $225 millions of new purchasing power through the net redemptions of Series D and E bonds from which he fled. And the business borrower pushed business bank loans through all recorded ceilings and sharply reversed the normal seasonal trend.

So it is that much of the inflation that we have suffered since Korea has been self-inflicted. It has not been the direct result of a backlog accumulation of business and consumer needs. Nor has it been, in essence, a speculative plunging into organized markets, *a-la-the-20's*, to make a fortune. It has been brought about in the main by a frenzied effort to convert liquid assets—owned or borrowed—into the ownership of things, of corporate equities, and real property. It has been a widely prevalent hedging operation directed at offsetting tomorrow's expected inflation—a hedging operation that has spawned inventory gluts largely financed by overextended credit.

Scare Buying Has Subsided

At the moment, of course, on the inflationary front, scare buying seems to have subsided. There is a current surplus of many of the goods people were rushing to buy only a few weeks ago. Overstocks in the hands of distributors now exist in many merchandise categories that boomed the most. Warehouse storage space is jammed to the rafters and goods are packed away in every nook and cranny. The rush for appliances has tapered off. Price cuts by the TV makers continue to attract attention. Retailers of new automobiles are feeling the slow-sales trend that began jolting the used-car dealers a month ago. Mills have too much yarn, converters have too much greige goods, cutters have too much piece goods—and so it goes. Cancellations are climbing in a number of wholesale markets. Some commodity prices have been slipping since mid-February. And as for the root cause of inflation, an increase in the money supply, that factor has risen only about 6 per cent since Korea. Currently, the Treasury is operating at a surplus. For the time being at least, tax collections are taking out of the stream of purchasing power more than the government is returning to it. The Government talks more inflation, a "flood of it by Yuletide," but the businessman, for the moment, at least, encounters only deflation.

The actuality of the current situation is, I think, that we are in a business slowdown, pause, dip, or lull, however you may wish to describe it. We are making a transition from an inflationary phase in which the increase in buying came principally from consumer and business stockpiling. We are moving forward into an inflationary phase in which increased demand will come primarily from the government, and perhaps later from the consumer. And in that process, industry as a whole is undergoing severe transition pains.

Insofar as the mobilization timetable is concerned, we are still some way ahead of the critical squeeze that expanding military production and civilian supply cutbacks will clamp down upon us. Defense production is gathering speed. The military demand for steel and for copper will very shortly leave only a remnant of available supply for the manufacturers of consumer durables. With no new personal income taxes in sight before October at the earliest, disposable income (income after taxes) seems sure to increase, at least on the over all. A "conversion recession" seems scarcely likely since the workers who

make consumer durables should be readily able to turn to the making of planes and of field pieces.

That, in the broad, then, is why resurgent consumer demand is widely forecast. The extent of the present reaction, of course, will depend upon existent buying power and upon any pronounced reactivation of inflationary trends. If our workers save a goodly part of any stepped-up earnings, the pressure of buying power on prices will be moderated or deferred. If, instead, by reason of their fear of the depreciating dollar, they do not save, then the prices for civilian goods must be expected to rise.

A Short-Run and a Long-Run Problem

One thing seems sure. We are faced with a short-run and a long-run problem. Obviously, the most important economic effect of big capital spending for increased productive capacity is the shot in the arm that it gives inflation. We need to remember that the more of our current production we devote to the expansion of productive capacity, the less we will have to satisfy the requirements of the immediate future for both guns and butter. New capacity lessens the threat of distant and future inflation, but at the cost of intensifying the immediate inflationary threat. As soon as the machine tool bottleneck is licked and the full impact of military production is felt, a reduction in civilian consumption seems unavoidable.

Can we meet this situation without disastrous further inflation?

The answer to that question depends, in part, upon our ability *in the long run,* to expand the over-all production of goods and services—both military and civilian—and, in part, especially for *the short run,* upon how courageously and effectively we can shape our public economic policies to hold the quantity and the pattern of spending power in line with production or output.

What, then, is the role of consumer credit regulation in this situation, in a guns-and-butter economy?

In our current economic scene of near-capacity output, mounting requirements for military material, and probable civilian cutbacks—short lived though they may be—consumer credit is certainly one source of purchasing power that can be effectively limited by selective credit regulation.

Obviously, part of the purchasing power put into circulation by the extension of consumer credit is provided by savings. Nevertheless, a large part of it comes from bank credit either directly through loans to consumers or indirectly through loans to finance companies or to retail establishments. And such expansion adds to the money supply. When total bank credit expands, bank deposits increase. And bank deposits, at least demand deposits, are money in a very real sense. In a time like the present, when total production is at peak levels, the expansion of consumer credit feeds the inflationary forces because more money comes into existence to bid for the same amount of goods and services. Over long-extended periods of peace, the extension of consumer credit increases purchasing power and stimulates the expansion of production. In times like these, however, liberal consumer credit terms stimulate demand without increasing the supply of goods. Thus they encourage higher prices instead of greater production.

Taking into account both the sharp increase in outstanding consumer credit that took place last year and the coming approach of a squeeze upon civilian supplies, there is sound reason for the selective consumer credit control that Regulation W now provides. All the talk about the necessity of balancing the Federal Budget by pay-as-you-go taxation has little validity or possible effectiveness if we merely replace the spendable dollars that are taxed out of our pockets with borrowed dollars provided by means of liberal extensions of consumer credit.

Nevertheless, we are not in any all-out war. And while we build our Garrison State, automobiles and high-unit-priced consumer durables will still be produced and offered for sale. Hence the administration of Regulation W needs to be flexible so that the items covered and the terms imposed can be adjusted promptly as market conditions change.

In the current moment there are those who think that the consumer credit debt burden is already so high that any upsurge of consumer buying of durables will be long delayed, perhaps too long delayed for an orderly liquidation of the stockpiles that are in the hands of distributors.

Now, obviously, any evaluation of the consumer debt burden should be based upon its relation to consumer income. Increases in consumer debt burdens need not be disastrous if they are chronologically accompanied by equal or larger increases in income.

Naturally, I am quite clearly aware of the fact that our Federal Reserve estimates or total consumer credit cover five major categories, namely: 1) instalment sale credit, 2) instalment loans, 3) charge account credit, 4) single payment loans, and 5) service credit to individuals.

Economically speaking, however, when I discuss the consumer's debt burden, I like to add to the burden of consumer credit defined in its narrow compass, the burden of home mortgage loans as well. With the tremendous spread of small home ownership, more and more American families have assumed the obligation to service mortgage indebtedness as well as to service consumer credit indebtedness.

In 1929, according to Department of Commerce estimates, consumer credit outstanding—instalment and non-instalment—aggregated somewhat over $7 billions of dollars. By the end of last year, 1950, the Division of Research and Statistics of the Federal Reserve Board estimated that outstanding consumer credit exceeded $20 billion, nearly three times the total at the end of 1939.

The increase in home mortgage debt has been almost as rapid. In 1929, outstanding mortgages on 1 to 4 family homes amounted to $18.5 billion. Ten years later, in 1939, the total mortgage debt on small homes declined to $16.7 billion as a result of the heavy foreclosures of the 1930's and the sharp contraction of new building. At the end of last year, 1950, the best available estimates indicate that the total mortgage debt on 1-4 family houses aggregated $41 billion.

If, then, we add together consumer credit and 1-4 family mortgage debt, we find that the total of the two kinds of debt increased from $25.5 billion in 1929 to over $61 billion at the end of last year, 1950.

The annual service on this debt total can be only roughly approximated. If one can assume an over-all

interest rate of something less than 5 per cent, the annual interest charge alone would be about $3 billion. Annual amortization, of course, varies widely with the term and character of debt, consumer debt being short term and mortgage debt being long term. Naturally, too, the burden of amortization is reduced for the economy as a whole because new debts are created to replace maturing debt in whole or in large part. Ignoring this replacement of maturing debt with new debt, it seems probable that our annual payments on principal of our total consumer and home mortgage debt may run to about $15 billion in the course of a year.

The ability of the consumer to service his debt depends, of course, mainly upon the amount of disposable income that he has left after paying personal income taxes.

In 1929, disposable personal incomes amounted to about $82 billions of dollars. The total consumer and mortgage debt, $25.5, comprised 30 per cent of disposable personal income. In 1939, disposable income declined to $70 billion and the burden of total consumer and mortgage debt, $24 billion, approximated 35 per cent of disposable personal income.

Last year, 1950, disposable personal incomes rose to $202 billion and hence the aggregate consumer and mortgage debt of $61 billion approximated 30 per cent of disposable personal income. Hence, the ratio was somewhat lower than in 1929 and materially lower than in 1939. Our available statistics, then, appear to indicate that in spite of the sharp increase in consumer credit and mortgage indebtedness since VJ Day, the present aggregate is somewhat less burdensome than it was in 1929 or 1939.

Moreover, at the moment, because of the significant growth in liquid resources since 1939, the consumer is better able to service his debt. The increase in personal holdings of cash, savings bonds, bank deposits, and savings and loan shares provides a vast reservoir of liquid funds out of which debts can be serviced should current incomes prove inadequate for the purpose. These liquid resources have increased threefold since 1939, whereas aggregate consumer debt has risen about two and one-half times in principal, and less in terms of the annual interest charge.

Incomes and Liquid Resources

I realize, of course, that I have been dealing in aggregates and that aggregates can conceal as well as reveal. Increases in incomes and in liquid resources have not been uniformly distributed since VJ Day. Hence, many families are undoubtedly finding it increasingly difficult to service the consumer and home mortgage debts they have already assumed and are perhaps precluded by credit restrictions from buying new consumer durables, however badly those durables may be presently needed. In terms of ability to service consumer and mortgage debt already incurred and to add to their store of needed consumer durables under present credit restrictions, there are still large groups of consumers who are definitely on the downside. Since VJ Day, the primary beneficiaries of increased incomes and of increased liquid resources have been the farmer and the militant unionist. These are the groups that are on the upside. The consumer groups on the downside are the 10 millions of family members who live on retirement pensions and similar allowances, and the 25 million members of the white-collared families with relatively fixed incomes and less assurance of future increases.

In a business lull, then, like our current hesitation, it is little wonder that many durable goods manufacturers are calling loudly for a relaxation of Regulation W. Their frantic pleas, of course, have met with little receptiveness upon the part of the Federal Reserve Board. On Friday, May 12, the Board formally denied a request by the TV makers for easier credit terms. And at the same time the formal decision was rendered, Chairman Martin told the Senate Banking Committee that the Reserve Board has no intention of easing—or further tightening—credit rules for television, autos, or any other durable goods subject to Regulation W.

Personally, I am inclined to think that this decision, at least for the present, is sound. I believe that it would be difficult to contend that Regulation W is the sole or primary cause of the present slump in the sale of durables. Nor do I think that our present burden of consumer and mortgage debt is so heavy as to prevent for long a revival of buying. And certainly the ratio of debt burden to disposable income will come down fairly sharply in the near term future. Consumer credit outstanding at the end of February showed a dip of $392 million from the January end-of-the-month figure and a drop of $579 million from the end of 1950. In the home mortgage field, Regulation X is also beginning to take hold and its restraint is being sharply reinforced by the unwillingness of lenders to make new mortgage loans especially if they must sell Government bonds at a loss in order to obtain funds for mortgage lending. And disposable income continues to increase. For the short-run period of tight squeeze in terms of necessary cutbacks in the production of civilian durables, I believe that Regulation W should be administered as it now stands or even tightened if conditions in the near future so warrant.

However, in a guns-and-butter economy, the role of consumer credit is and should be different from its role in an all-out war economy. And that role, it seems to me, indicates the wisdom of considerable flexibility in the regulation of consumer credit. Even in the short-run squeeze that is ahead some consumer durables could come into such plentiful supply within the next twelve months that it would prove to be wise to relax the credit terms on such goods in order to encourage the consumer to spend money for them, instead of using his money to bid for goods that are actually in scarce supply.

In the current moment, too, we are facing an impending and an enlarged bite upon disposable income from new taxes soon to be imposed. If the new tax measure sets its objective at $7 to $10 billions of revenue, if it minimizes reliance upon excises, and if it merely turns the screws once more on personal incomes, and if it strikes hard at annual incomes below the $6,000 line because that is where, in large aggregates, the income is, then, it may be necessary to relax Regulation W with respect to those consumer durables that continue in good supply. You recall, do you not, Mr. James Shelton's recent survey that showed that in 1947 the aggregate of "adjusted gross income" was $150 billion, of which $118 billion was received by persons who were in the annual income bracket of $6,000 or less.

(To be continued next month.)

Report of the President

Clarence E. Wolfinger

THE SUCCESS of any association such as ours results from the combined efforts of all members. Not only do our own officers, directors and members work for our interests, but also the officers, directors and members of the Credit Women's Breakfast Clubs of North America, of the Associated Credit Bureaus of America, and of the Retail Credit Granters of Canada. They are our allies. The office staffs of all the associations are important contributors toward our effort. They have done a fine job. We have many friends, too, among our business associates, in our own firms and among our suppliers. All these are deeply interested in our affairs and give us much needed support.

Our new International Headquarters, 375 Jackson Avenue, St. Louis 5, Missouri, exists because of the fine cooperation of all of these groups and individuals. My personal thanks and appreciation to every contributor to our building fund. Our new home was officially opened with a reception and Open House on April 12. While we had over 300 visitors on that eventful night, we are anxious for many more of our members and friends to visit us—at any time. The "Welcome" sign is always ready to greet you.

The BUY A BRICK campaign, to free this building from indebtedness, has been successful. Aside from the fact that it has raised $8,980.50 through May 31, it has created a greater interest in our Association affairs. The mortgage indebtedness, which was originally authorized to the extent of $32,500 at our Board meeting in Cincinnati last June, was placed on the building in the sum of $26,000, to be paid over a period of 10 years or less, at the most favorable interest rate of 3 per cent. It is my wish that the BUY A BRICK campaign be continued so that we can soon say, "It is ours; free of debt."

Our financial position is sound. We have $19,287.87 in cash, $73,197.00 invested in a lot and building and $41,249.52 in other assets, not including Furniture and Fixtures which are carried at $1.00. Our membership program has been very successful. We have finished the year with a net gain of 2,957 members, making a total membership of 29,737.

I cannot fully and adequately express my appreciation of the opportunity and privilege of working with our General Manager-Treasurer, Mr. L. S. Crowder. He is endeared to all who know him.

The CREDIT WORLD, under the direction of our Secretary and Research Director, Arthur Hert, has grown in appeal, and our circulation is now 32,500. The work of our Educational Director, Leonard Berry, through his talks and writings, also has done much to promote our activities.

To the General Membership Chairman, F. William Johnson, to all of the District Chairmen, to Joseph A. White, Chairman of the Legislative Committee, and to all the other Committee Chairmen, as well as to the members of all committees, I extend my grateful appreciation. Districts Nos. 8, 10, and 11 have led in membership gains. My congratulations and thanks to these District Chairmen. Charles F. Sheldon has been particularly helpful to me and I wish to thank him for his support.

In any report like this, it is always possible that some outstanding work may fail to receive recognition, so to all of those who have labored for the benefit of the Association, I wish to again extend sincere thanks.

I had the privilege of attending thirty meetings during my term of office. These were local, district and annual credit conferences. All were meetings for the advancement of credit interests.

Up to now, I have been repeating past history, but upon retiring as your President, I feel that I would be remiss if some suggestions that I have for our Association were not given to you.

1. Our Association faces increased responsibilities, and we must recognize this if we are to maintain our place in the forefront of consumer credit. Consumer credit is now such an essential part of our economy that it has even become an important factor in our political life. In order to assure a true and wider understanding of it, we must not only attract more members, but we must work for the support and continuing interest of our present members.
2. We should enlarge our efforts in the interest of educational activities. This can be done by greater local participation, starting at the high school level and continuing upward. We should endeavor to inculcate the facts about credit, including credit ethics and demonstrating the value of good credit habits. Let us suggest to colleges that they include in their curriculum a course on consumer credit in all of its aspects. This might be combined with an arrangement for Training-Within-Industry program.
3. We must continue to attract more members and consider additional ways for increased revenues. I am not sure that we can raise our yearly dues and do not want to suggest that. We offer more for our membership dollar than any other organization, and it should be possible to find new ways and means to improve our services to members.
4. I think that the National Retail Credit Association should have a representative at every important conference or meeting where the theme deals with credit or its affiliated subjects. Attendance is a "must." We gain greater recognition by being represented at such meetings.
5. We should continue to have the closest possible cooperation with the Associated Credit Bureaus of America, the Credit Women's Breakfast Clubs of North America, and the Retail Credit Granters of Canada. This can be helped along by encouraging them to become more interested in our affairs. It begins at the local level.
6. I would urge that each member furnish the CREDIT WORLD with material that would make this publication of extreme interest to our members, such as thought-provoking discussions and addresses given at various meetings. With a wide selection of material

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on hand from which to choose, the magazine should grow in appeal and helpfulness. I would like to attract more advertising to defray some of the costs.

It has been a great privilege to serve this fine organization as its President, and I am grateful for the opportunity. ★★★

Report of the General Manager-Treasurer

L. S. Crowder

THIS, MY SEVENTEENTH annual report, covers results for fiscal year ended May 31, 1951. It has been a very successful and active year.

Finances

Cash on hand and in banks amounted to $19,288.82. Of this sum $5,525.96 is on deposit with the Dominion Bank, Vancouver, B. C. United States Bonds, $9,000.00, and Bonds of the Canadian Government, $5,000.00, were sold during the year and proceeds of $13,972.25 advanced to our Building Fund. This compared with balance of $18,180.82 on May 31, 1950, an increase of $1,123.95, after payment of $2,500.00 to the Pension Fund and providing for all conference expenses. Total current assets, not including inventory of books and supplies for resale, amounted to $51,776.22, with no indebtedness, a gain for the year of $8,258.01.

Membership

Total at the end of the year was 29,737, a gain of 2,957. General Membership Chairman F. William Johnson of Dallas, Texas, and his committee have worked faithfully and with good results. There were 21 National Units organized in the United States and 3 in Canada. District 8 (Texas) made the largest membership increase, followed closely by District 10 (Pacific Northwest) and District 11 (Arizona, California, Nevada and Hawaii).

Credit Education

Plans are now under consideration for the preparation this fall of a course in retail credit for smaller communities, using *Important Steps in Retail Credit Operation*, by Dr. Clyde Wm. Phelps, as the textbook. Credit schools in larger communities will continue to use *Retail Credit Fundamentals* and *Retail Credit Management* by Dr. Phelps, and *Streamlined Letters* by Waldo Marra. It is contemplated that we shall offer this fall an extension course in "Important Steps" at approximately half the price charged for *Retail Credit Fundamentals* and *Retail Credit Management,* in an effort to reach many junior clerks in credit departments.

Washington Representative

As announced in the May CREDIT WORLD, Harold L. Schilz is on temporary leave and is now connected with the National Production Authority. In his absence the other member of the firm, Mr. John F. Clagett, will represent us and we are assured of the same type of service rendered by Mr. Schilz.

Field Activities

My traveling was somewhat curtailed due to our building program, which over a period of nearly six months required close supervision. In line with decision of the Board of Directors to divide the traveling responsibility, other officers were called upon to accept speaking assignments. In addition Educational Director Leonard Berry made numerous trips, as mentioned in his report.

My contacts in the field covered a period of two and one-half months. In that period of time I visited twenty-three cities in the United States and two cities, Sault Ste. Marie and Windsor, Ontario, in Canada. In October I attended a meeting in Washington on Regulation W called by the Federal Reserve Board. Also attended the annual conferences of Districts 2 and 12 in New York the middle of February, Districts 3 and 4 in Chattanooga the early part of April, District 11 at Palm Springs, California, the latter part of April, and District 10 in Portland, Oregon, May 20, 21, and 22. My travels carried me from Lake Superior in the North to New Orleans in the South, from the Atlantic Ocean in the East to the Pacific in the West, and on the Pacific Coast from Los Angeles in the South to Portland, Oregon, in the North.

Clarence E. Wolfinger

I would feel remiss in my duties if I failed to mention the fine work of President Clarence E. Wolfinger, not only in carrying out the responsibilities of his office but the added work entailed in sponsoring the "Buy a Brick Campaign." His continued interest and enthusiasm contributed much to the success of the drive and it is expected that we shall continue to benefit from the interest in the movement, so ably presented by Mr. Wolfinger.

Cooperation

I acknowledge, with deep appreciation, the splendid cooperation of our officers, directors and members, the personnel of committees and the National Office staff; also the officers and directors of the Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs of North America. The fine teamwork of all has contributed to the growth and continued success of your association.

New Officers

The new officers of the National Retail Credit Association elected at the annual conference in Chicago, are: President, Royce Sehnert, *The Wichita Eagle,* Wichita, Kansas; First Vice President, O. Willard Frieberg, American Trust Co., San Francisco, California; Second Vice President, Henry C. Alexander, Belk Brothers Co., Charlotte, North Carolina; and Third Vice President, William J. Tate, Charles Ogilvy, Ltd., Ottawa, Ontario, Canada. Directors at large: Harley J. Boyle, The Crescent, Spokane, Washington; Foster R. Close, William Taylor & Sons Co., Cleveland, Ohio; H. D. Jarvis, Burdine's, Miami, Florida; and Charles D. Reno, Scruggs-Vandervoort-Barney, St. Louis, Missouri.

Next Annual Conference

The 38th Annual Conference of the National Retail Credit Association, Associated Credit Bureaus of America and The Credit Women's Breakfast Clubs of North America will be held at the Hotel Statler in the city of Washington, D. C., June 23-26, 1952.

Meeting Today's Challenge

JAMES W. SCOTT, ***Assistant General Manager,*** **Retail Merchants Credit Association of Los Angeles**

NEARLY FOUR HUNDRED retail credit executives of Arizona, California, Nevada and Hawaii are better prepared to meet "The Challenge of These Changing Times," since spending April 22-24, 1951, in Palm Springs, California. There they were fortified, not merely with the health-giving, nerve-quieting magic of a world-famous desert resort, but likewise were strengthened for their daily tasks by acquiring additional business and professional knowledge. They were attending the annual conference of District Eleven of the National Retail Credit Association. Perhaps the pre-announced theme, "The Challenge of These Changing Times," had something to do with the fact that this meeting enjoyed the largest attendance and was declared the most successful in the 15-year history of the District.

Participating also in the three-day conference were officers and members of the Golden West Council of the Credit Women's Breakfast Clubs of North America and the Associated Credit Bureaus of California. The Retail Merchants Credit Association of Los Angeles, under the general management of J. A. Gross, was host Bureau, assisted by the Credit Women's Breakfast Club of Los Angeles and the Palm Springs Credit Bureau. The general conference committee was chairmaned by J. R. Gramont, and had the following members: W. E. Ryan, Stanton Griffing, A. J. Wurst, Theodore Lacy, Marjorie Madding, Lorraine Tiner, James W. Scott, G. R. Froiseth, and Marshall Myers, all active credit executives with leading companies or credit bureaus.

General sessions attended by all were highlighted with significant addresses from capable speakers both within and outside the credit fraternity. On Monday morning, Dr. Arthur G. Coons, President, Occidental College, Los Angeles, was acclaimed for his message dealing with "The National Emergency and Education." His address appears on pages 4-7 of this issue of The CREDIT WORLD. This same session profited from the address of one of its own members, William D. Conel, Security-First National Bank of Los Angeles, speaking on the subject, "The Retail Credit Picture Today." The Tuesday morning general session gave Dr. Hugh M. Tiner, President, Pepperdine College, Los Angeles, enthusiastic approval for his presentation of "The Challenge of Leadership in Today's World." A digest of this splendid address appears on page 18 of this issue of The CREDIT WORLD. On this same program, "The Legal Aspects of Consumer Credit," were discussed by Attorney James E. Ludlam, Los Angeles, and Robert L. McGuire, President, Associated Credit Bureaus of California, succeeded in putting over his claim that "It's a Matter of Attitude."

For afternoon sessions on both days, the delegates separated into smaller groups with kindred interests, with

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two discussion leaders for each group. Credit subjects included: Department and Specialty Stores, Furniture, Building Materials, Petroleum Dealers, Banking and Finance, and Credit Bureau Operations.

The general business session of the conference was marked by an address from Lindley S. Crowder, General Manager-Treasurer, National Retail Credit Association, and with the report of the nominating committee, elections resulted as follows: District Eleven, N. R. C. A., President, Walter Thornburgh; First Vice-President, J. A. Koverman; Second Vice-President, Charles S. Gallagher; and Secretary-Treasurer, Verta C. Walker. A complete list of the officers and directors of the district was included in the June, 1951 issue of The CREDIT WORLD on page 11. For the Golden West Council of the Credit Women's Breakfast Clubs of North America, the following were duly elected: President, Lucille Drew; First Vice-President, Louise Knoeppel; Second Vice-President, Heloise C. Marsee; Recording Secretary, Marjorie Sanders; Financial Secretary, Peggy Frost; Treasurer, Delores Wannicke; and Corresponding Secretary, Gladys Swenson.

The Conference business session also produced a resolution addressed to the California State Senate, urging continued support of state vocational education under which training is now being given to present and future credit personnel. This adult educational program is threatened by a recent California Assembly action recommending the reduction of state cooperation with the George Dean Act under which Federal funds are available for vocational training.

Attendance Mostly Women

Evidence that the changing times influence is being felt in credit personnel as well as in credit practices, should be noted in the fact that credit women constituted 75 per cent of the Conference attendance. Although serious business occupied the major portion of the Conference, fun and fellowship prevailed at the "early bird, chuck wagon" breakfasts, informal smörgåsbord luncheons, and cocktail hours. The Monday evening banquet and dance were held outdoors under the stars in the patio of the American Legion Hall.

On the opposite page will be found four pictures taken at the meeting. In the upper left hand corner is the group attending the Credit Women's Breakfast Club meeting. You might try to find L. S. Crowder, R. D. Roberts, James W. Scott, R. T. Schatz, and Stanton Griffing in the group. The picture in the upper right hand corner shows the chuck wagon. Shown in the lower right hand picture, left to right are: Fred L. Train, Mrs. Train, Frances H. Pratt, Helen Gilbert, Lillian MacKale, Robert L. McGuire, Mrs. R. D. Roberts, C. W. Remele, Robert D. Roberts, Mrs. B. F. Henderman and their son.

District Eleven has also done a remarkable job with its membership drive during the past year. One thousand one hundred thirteen new national members have been enrolled and the total membership of the district as of May 31, 1951 is now 3,047. The cities making the greatest gains are: San Jose, 195; Palo Alto, 141; Bakersfield, 141; Burlingame, 112; San Francisco, 80; Los Angeles, 76; Merced, 72; and Redwood City, 48.

Chicago Conference Notes

RESOLUTIONS

Following are some of the resolutions passed at the 37th Annual International Consumer Credit Conference of the Association held in Chicago, Illinois, June 25-28, 1951. The balance will be published in the August CREDIT WORLD.

Regulation W

WHEREAS, the membership of the National Retail Credit Association is comprised of and represents nearly 30,000 members engaged in every line of business where consumer credit is granted, including merchants, furniture and apparel stores, banks, loan and finance companies, utility companies, household appliance dealers, jewelry merchants, etc., and represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, after the conclusion of World War II the Federal Reserve Board gradually modified the requirements of its Regulation W in effect at that time and relied upon this Association, among others, as a source of some of its information as to the effect upon the economy of the then existing Regulation W; and

WHEREAS, it was observed that coincident with the relaxation of the terms of Regulation W there was a great stimulus in the purchasing power of the consuming public; and

WHEREAS, after the enactment of the Defense Production Act in September, 1950, the Board of Governors of the Federal Reserve System reimposed stringent controls upon consumer credit instalment sales by means of its current Regulation W, although instalment credit in 1950 had been considerably below the normal percentage of total consumer purchasing power; and as a result of the scarcity of goods created by controls the actual effect is to automatically regulate consumer credit; and

WHEREAS, stringent credit controls discriminate against wage earners, and farmers who need credit in order to produce efficiently, and result in a lower standard of living for the average household by compelling many housewives to continue using worn-out refrigerators, washing machines, vacuum cleaners, electric irons, and other similar household appliances, or none at all, for the reason that they cannot meet the large monthly payments required by the present controls; and also resulting in an unsafe condition on the highways of the nation from an alarming increase of overage motor vehicles on them which cannot be replaced by the average working man because of the high monthly payments required on new automobiles;

NOW, THEREFORE, BE IT RESOLVED: That the National Retail Credit Association, in general convention assembled, does hereby most earnestly urge upon the Board of Governors of the Federal Reserve System that it give the civilian economy a necessary needed stimulus and take steps to correct the conditions outlined above by modifying the terms of the present Regulation W to permit the total time for purchase of automobiles to extend at least 24 months and total time for other consumer instalment purchases to extend at least 18 months.

Wage-Earner Provisions of the Bankruptcy Act (Chapter 13—Chandler Act)

The National Retail Credit Association, representing nearly 30,000 members engaged in the extension of consumer credit, has noted that the Wage-Earner provisions of the Bankruptcy Act were amended by the Congress December 31, 1950, so as to permit wage earners and salaried employees earning up to $5,000 to resort to the provisions of Chapter 13 of the Bankruptcy Act rather than other bankruptcy procedures, if they wish to do so.

This Association has also been informed that bankruptcy statistics show that in the centers of the nation where Referees in Bankruptcy have encouraged the use of the Wage-Earner provisions by those eligible to do so, the percentage of the accounts paid up has been very high as contrasted with the amounts owed. On the other hand, such wage earners have, as a result of their use of such plans, been allowed a reasonable time for the payment of their debts, usually extending over several years, and have been able to retain or regain a good credit standing, and their own self-respect.

Moreover, the Association is of the opinion that the decline in the purchasing power of the dollar has been so great that the mere lifting of the maximum limitation on the use of wage-earner plans from the former limitation of $3,600 of salaries and wages to only $5,000 does not accomplish the needed relief for the class of people for whom this excellent provision of the law was designed.

Therefore, the National Retail Credit Association, in general convention assembled, recommends to the Congress of the United States that Chapter 13 of the Bankruptcy Act shall again be amended to permit resort to wage-earner plans by any person paid by salary or wages up to and including $10,000.

Garnishment of Salaries of Delinquent Debtor Federal Employees

WHEREAS, the membership of the National Retail Credit Association is comprised of and represents nearly 30,000 members engaged in every line of business where consumer credit is granted, including merchants, furniture and apparel stores, banks, loan and finance companies, utility companies, household appliance dealers, jewelry merchants, etc., and represents every phase of the economy where consumer credit is extended to the public; and

WHEREAS, there is not now available any remedy of garnishment and attachment against the officials and employees of the Federal Government departments although in the case of certain Government corporations their employees may now be subject to garnishment; and

WHEREAS, the problem of the delinquent debtor who is a Federal employee is a subject of serious interest to members of the National Retail Credit Association; and

WHEREAS, members of this Association are furnishing to its Executive Officers information concerning aggravated cases where collection of just debts has become difficult, if not impossible, by reason of the fact that the

debtor is an employee or official of the Federal department;

NOW, THEREFORE, BE IT RESOLVED, that this Association should continue its efforts to obtain legislation providing for the garnishment of salaries of debtor Federal employees; and

BE IT FURTHER RESOLVED, that the Legislative Committee of the National Retail Credit Association is directed to exert special efforts to attain the objectives of this Association in attempting to obtain such legislation.

Report of the Hoover Commission

The National Retail Credit Association, representing nearly 30,000 members engaged in the extension of consumer credit has noted that the Congress of the United States of America clearly recognized the necessity for governmental reorganization and economy of operation when it unanimously created a Commission as an Organization of the Executive Branch of the Government in July, 1947; and

WHEREAS, the Chairman, the Honorable Herbert Hoover, and the members of the Commission efficiently performed their duties of investigation and made specific recommendations to the President and to the Congress; and went out of existence in June, 1949; and

WHEREAS, as a result of the report of said Commission the Congress has enacted, and the President has approved, many of the recommendations made, with a consequent announced annual saving of more than one billion dollars; and

WHEREAS, 19 bills covering the remaining recommendations of the Hoover Commission were presented on March 15, 1951 to the Senate; and

WHEREAS, these Bills, together with reorganization plans to be introduced will complete a definite and comprehensive legislative program for improved efficiency and for economy resulting therefrom, with the exception of the Bill relating to the amalgamation of the Veterans Administration and the public health or so-called welfare bureau or department; and

WHEREAS, the adoption of the remaining sections of the report of the Commission, with the exception of those relating to the Veterans Administration, promises lasting benefits in terms of economy and efficiency, and in the effective use of America's resources, both human and material; and

WHEREAS, the adoption of the remainder of these recommendations, with the exception of those relating to the Veterans Administration, will complete the reorganization of the Executive Branch of the Government of the United States of America, and will probably result in a further economy and annual saving of more than one billion dollars a year;

BE IT THEREFORE RESOLVED, that the National Retail Credit Association, at its 37th Annual Convention held at the Hotel Stevens, at Chicago, Illinois, on June 25 to 28, 1951, both dates inclusive, recommends the adoption by the Congress of the report of the Hoover Commission, excepting those sections relating to the Veterans Administration, for the Reorganization of the Executive Branch of the said United States Government; and

BE IT FURTHER RESOLVED, that copies of this Resolution be sent to the President of the United States and to the members of the Congress.

Use of Words "Profit and Loss"

WHEREAS, for many years the credit departments of retail establishments have been operated with such care and efficiency that uncollectible items have been held to an exceptionally low percentage of consumer credit sales; and

WHEREAS, the major employees of credit departments as well as the management of stores realize that no consumer credit operation can function without a loss; and that consumer account charge-offs are very small in proportion or comparison to the mark-downs in prices in the merchandising departments;

THEREFORE, BE IT RESOLVED, that the 37th Annual Convention of the National Retail Credit Association, meeting in the City of Chicago, Illinois, June 25 to 28, 1951, both dates inclusive, recommends that instead of the use of the words "Profit and Loss" or "Loss" in the financial statements and operating statements of member stores, the designation be "Accounts Receivable Mark-Down" (or the letters "A.R.M.").

Recommendation to Federal Reserve Board

WHEREAS, the National Retail Credit Association has, since its inception in 1912, been keenly interested in sound credit administration; and

WHEREAS, it has constantly pointed out to its members that fundamentals in credit practices should be studied most carefully for good business operation; and

WHEREAS, special courses have been provided for in many of the universities and schools of the country in order that merchants generally may have the benefit of the experience of business in an ever expanding credit economy; and

WHEREAS, now the Congress of the United States has seen fit to enact laws providing for the control of consumer credit known as Regulation W;

BE IT THEREFORE RESOLVED, that as long as these regulations continue to be the law of the land, the Congress and the President of the United States be urged to appoint on the credit regulation policy making board, in conjunction with the Federal Reserve Board, at least three members of the National Retail Credit Association, and also representatives of other National organizations concerned especially with consumer credit granting or selling.

Resolution of Thanks to Lit Brothers

WHEREAS, Lit Brothers, Philadelphia, Pennsylvania, has at all times displayed great generosity in granting our esteemed President, Clarence E. Wolfinger, the necessary leave of absence in order to perform his duties as an officer of this Association; and

WHEREAS, this Association keenly realizes that much of the excellent work performed by President Wolfinger during his term of office during the past year could not have been accomplished without this splendid generosity and is deeply grateful;

NOW THEREFORE BE IT RESOLVED that the National Retail Credit Association express its warmest appreciation and thanks to Harold W. Brightman, President, Lit Brothers, and Bernard Brown, Treasurer, and that a copy of this resolution be forwarded to the management of that Company. ★★★

Buy a Brick, BREAK THE THERMOMETER!

The Challenge of Leadership in Today's World

DR. HUGH M. TINER, *President*, Pepperdine College, Los Angeles, California

THERE HAS NEVER been a time in history when the challenge of leadership was greater than it is in today's world.

First, the challenge of leadership in today's world is great because of the nature of today's world. It might be characterized as being confused, pessimistic, cynical, negativistic, and materialistic. The tragedy of today's world is the fact that our scientific and technological development has far outstripped our moral, social and spiritual development. The American tradition is characterized as a threefold spirit—a spirit of adventure, idealism and materialism. A balance of these three qualities has made America great. There is grave danger in our overemphasizing the third, materialism, to the neglect of the first two, adventure and idealism. Today's world is a changing world in which three revolutions are playing a part: first, the revolution set in motion by Jesus of Nazareth; second, the industrial revolution which has brought to the surface many of the world's fundamental ills; and third, the Marxist revolution which is finding a fertile field of discontentment, fear and despair, and which is materialistic in its emphasis. These characteristics of today's world make the challenge of leadership very great.

Second, the challenge of leadership in today's world is great because there is a close relationship between the type of leadership we have and the kind of world we have in which to live. In a totalitarian state the people take on the character and idealism of the leader. In a democratic state the leader merely reflects the character and spirit of the people.

We are beginning to realize that circumstances and situations do not necessarily make or break the world but that men do. We build a better world only to the extent that we build better character into the lives of our people. How true is the ancient Chinese proverb which says:

"If there be righteousness in the heart, there will be beauty in the character; if there be beauty in the character there will be harmony in the home; if there be harmony in the home there will be order in the nation; if there be order in the nation there will be peace in the world."

In today's world if we are to perpetuate our civilization, society, and our God-given freedom, we must have a high type of leadership.

First, we need a leadership which is unselfish and which is vitally interested in the welfare of others. Too many leaders are selfishly inclined and are interested in "getting all they can and canning all they get."

Second, we need a leadership which possesses courage and integrity. In the words of J. G. Holland:

"God give us men. The time demands
Strong minds, great hearts, true faith and willing hands;
Men whom the lust of office does not kill;
Men whom the spoils of office cannot buy;
Men who possess opinions and a will;
Men who have honor; men who will not lie;
Men who can stand before a demagogue
And damn his treacherous flatteries without winking;
Tall men, sun-crowned, who live above the fog
In public duty and in private thinking!
For while they rabble with their thumb-worn creeds,
Their large professions and their little deeds
Mingle in selfish strife; lo! Freedom weeps!
Wrong rules the land, and waiting Justice sleeps!"

Third, we need more than ever in today's world a leadership with spiritual sensitiveness, which not only knows what real human values are but which also lives by them.

Senator Kefauver's Crime Committee has brought out many facts which show that many of our leaders operate on a "minimum standard of morality," who are content merely to live within the legal requirements of the law. Such an approach leads to all kinds of corruptness in high places. We need leaders in today's world who measure up to Henry Van Dyke's standard of real manhood when he says:

"Four things a man must learn to do
If he would keep his record true;
To think without confusion, clearly,
To love his fellowman, sincerely,
To act from honest motives, purely,
To trust in God and Heaven, securely."

Fourth, leadership in today's world must be well trained so as to contribute to the perpetuation of freedom in a world where freedom is on the retreat on so many fronts.

To do this job, education must: first, place great emphasis on straight thinking and the matter of seeking truth; second, seek a balance between individual initiative and concern for the rights of others; third, deal with the substance as well as the forms of education; and fourth, develop the true meaning, significance and implications of freedom in today's world. ★★★

LOCAL ASSOCIATION Activities

District One at Swampscott

At the annual meeting of District One held at Swampscott, Mass., the following officers and directors were elected: President, Clifton M. Pike, Porteous, Mitchell & Braun Co., Portland, Me.; Vice President, Bernard M. Eyges, Louis', Inc., Boston, Mass.; and Secretary Treasurer, Marshall W. Hunt, Credit Bureau of Greater Lynn, Lynn, Mass. Directors: John A. Hendry, Ogilvy's, Ltd., Montreal; Doris M. Young, Porteous, Mitchell & Braun Co., Portland, Me.; Milton Rose, Peerless Co., Pawtucket, R. I.; Edgar N. Courtemanche, D. M. Read Co., Bridgeport, Conn.; Ralph C. Locke, Credit Bureau, Manchester, N. H.; and A. Everett Cameron, Ware Pratt Co., Worcester, Mass. National Director: Alexander Harding, John H. Pray & Sons Co., Boston, Mass.

District Eight at Galveston

The following officers and directors were elected at the annual meeting of District Eight held at Galveston, Texas: President, Carl Edward Bock, Calcasieu Lumber Co., Austin; First Vice President, Aaron Littmann, Gem Jewelry Co., Beaumont; Second Vice President, R. R. Thomas, Shamrock Oil and Gas Co., Amarillo; Secretary-Treasurer, J. E. R. Chilton, Jr., Merchants Retail Credit Association, Dallas; and Assistant Secretary, Chellie Sue Bragg, Merchants Retail Credit Association, Dallas. Directors: Al F. Peters, City Water Board, San Antonio; W. H. Pugh, Union National Bank, Houston; Mike Kearney, Robert I. Cohen, Galveston; W. O. Perlick, Meacham's, Fort Worth; Mrs. Blanche Bunch, Ellison Furniture Co., Fort Worth; C. T. Hosmer, Fishburn's, Dallas; L. E. Blowers, Household Furniture Co., San Antonio; T. B. Cason, Cason Monk & Co., Nacogdoches; H. S. Strain, Allied Credit Co., Abilene; and Reuben Talasek, Security Finance Co., Temple.

District Nine at Cheyenne

At the annual meeting of District Nine held at Cheyenne, Wyo., the following officers and directors were elected: President, Robert Bowland, Tomlinson's, Albuquerque, N. M.; Vice President, Arthur Ridd, Continental National Bank & Trust Co., Salt Lake City, Utah; and Secretary-Treasurer, Don H. Puffer, Retail Credit Men's Association, Denver, Colo. Directors: Raymond S. Stein, City Utilities, Colorado Springs, Colo.; Lawrence M. Baggs, Bon-Baggs Clothing Co., Cheyenne, Wyo.; Melvin C. Schumpert, Schumpert Farm Supply, Portales, N. M.; Grant Passey, J. W. Brewer Tire Co., Ogden, Utah; Jim Ellis, Ellis & Capp Equipment Co., Greeley, Colo.; John Ward, Reidling Music Co., Albuquerque, N. M.; Mrs. Clara Brown, Wells Music Co., Denver, Colo.; and Mrs. Ruth Brown Butler, Yearout Electric Co., Albuquerque, N. M.

Knoxville, Tennessee

At the annual meeting of the Retail Credit Association, Knoxville, Tenn., the following officers and directors were elected: President, G. Earle Hindley, Coleman-Hindley-Johnson; First Vice President, Kenneth G. Altom, Moser Furniture Co.; Second Vice President, J. Hoyle Brown, D. M. Rose & Co., Third Vice President, Howard Moulton, Park National Bank; and Secretary-Treasurer, A. C. Bittle, Credit Bureau of Knoxville. Directors: L. M. Parry, Tennessee Mill & Mine Supply; R. V. Weaver, Knoxville Buick Co.; John M. Woolsey, Kimball's; Harry Duncan, Bank of Knoxville; John I. Dale, Jr., S. H. George & Son; Robert E. Mapes, Baum's Home of Flowers; and S. J. Nicely, Miller's Inc.

Baltimore, Maryland

At the annual meeting of the Retail Credit Association of Baltimore, Baltimore, Md., the following officers and directors were elected: President, Fred W. Ellinghaus, The May Co.; Vice President, Robert L. Bruchey, The Hub; Treasurer, Paul E. Ross, Isaac Hamburger & Sons; and Secretary, Charles F. Roycroft, Credit Bureau of Baltimore. Directors: Henry J. Bittorf, Stewart & Co.; Robert L. Carmichael, Gomprecht & Benesch; Lloyd B. Connolly, Montgomery, Ward & Co.; Herman A. Dorsch, N. Hess' Sons; Joseph F. Lynch, Provident Savings Bank; Charles E. Merit, Wetzler's; and H. Lee Muse, Consolidated Gas Electric Light and Power Co.

Bridgeport, Connecticut

The new officers and directors of the Retail Credit Association, Bridgeport, Conn., are: President, Sidney Hoffman, Michael Hoffman Fuel Co.; Vice President, Paul Newton, Bridgeport People's Savings Bank; Treasurer, Raymond Goebel, New England Coal and Coke Co.; and Secretary, Walter H. Kerr, Bridgeport Credit Rating Bureau. Directors: Harry H. Glunts, Leavitts, Inc.; Harry Friedman, Arcade Dress Shop; and Robert Lederer, Lederer, Inc.

Davenport, Iowa

The 1951 Officers and Directors of the Davenport Retail Credit Association, Davenport, Iowa, are: President, Willard King, Davenport Bank & Trust Co.; Vice President, Harry Carmichael, Carmichael Electric Co.; Secretary, Amy J. Theleman, Petersen-Harned-Von Maur; and Treasurer, Marjorie Caldwell, Business Service Co. Directors: Emil Ohland, Iowa-Illinois Gas and Electric Co.; Elmer Nordstrom, Petersen-Harned-Von Maur; Ruth Clarke, Isabelle Ramey; Ruth Carthey, Simon-Landauer; and Ed Koehler, Iowa-Illinois Gas and Electric Co.

Items of Interest From the Nation's Capital

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

Annual Report

THE OUTBREAK of the Korean war came almost coincident with your last annual general convention. It brought with it a whole new trend of economic conditions and policies which had been unforeseeable prior to that time, and as a corollary imposed upon your officers and your Washington representative, many duties other than those which would have been anticipated in normal times. This was particularly true with respect to programs for credit restriction and curtailment.

Defense Production Act of 1950 and Regulation W: The Defense Production Act of 1950, enacted in September, made unmistakable provision for curbing credit sales and installment sales and for reducing the amount of credit extended for various types of housing. While your national officers were the men particularly active in immediate contacts with the Federal Reserve Board as members of an industry or credit association advisory committee, sometimes referred to as a Task Committee, your Washington representative made numerous contacts and efforts to keep abreast of trends and prospective action on the part of the Federal Government and to in turn keep the national officers posted relative to any such developments or prospective developments.

Regulation W as reissued by the Board of Governors of the Federal Reserve System, effective September 18, 1950, set limits on down payments and the monthly requirements on installment sales. At the meeting of the Legislative Committee of this Association in Washington on February 9, 1951, Harold L. Schilz, Esquire, participated in an all-day conference and assisted in drafting of a resolution which was dispatched to the Federal Reserve Board of Governors that day and which was published in the March CREDIT WORLD.

At this meeting Mr. Crowder demonstrated from statistics, based on War II experience, that the diversion of production by the defense and related agencies would result in scarcities which in and of themselves would limit credit buying, and that the imposition of further controls on installment buying would become unnecessary for that reason. Subsequent events in the past two or three months seem to have borne out this prediction. The major retail stores of the country have been accumulating unusually large inventories due to the fact that there has been a considerable reduction in retail buying. This in turn has resulted in the "price-cutting" inducements given by major stores in the larger localities which we have witnessed during the last month and a half.

Trade-Mark of N. R. C. A. Emblem and Slogan Perfected: At the direction of the national officers your Washington representative almost two years ago instituted proper proceedings to obtain trade-mark protection on the shield and slogan of the National Retail Credit Association. Due to the fact that the Lanham Act was comparatively new on the statute books and the Patent Office was flooded with applications under it, it has taken this period of time to bring about successful final conclusion of the matter. Your Washington representative during that two-year period of time had numerous conferences with officials of the Trade-Mark Office and drafted and presented the detailed application papers and statements that were required from time to time. The Mark was published in the Official Gazette of the Patent Office on March 6, 1951, and the Certificate of Registration was mailed to the national office on May 29, 1951.

Copyright Matters: Your Washington representative is carrying on at the present time examination of copyright records and related efforts toward obtaining for the Association, as suggested by the General Manager-Treasurer, Mr. L. S. Crowder, copyright protection for the Gold Series labels on stickers which were developed for the Association by Daniel J. Hannefin in 1934. The necessity for this became apparent by reason of the attempt of a collection agency in Buffalo, New York, to make infringing use of a similar series of stickers developed by it in May, 1950. The facts relative to that situation warranted presentation of the matter to the Federal Trade Commission as being deceptive activity on the part of the New York agency, and the matter is and has been under investigation for some time by the Federal Trade Commission. This presentation involved the gathering of data, the preparation of detailed memoranda for the use of the Commission and several conferences with Assistant General Counsel of the Commission.

Consent Decree: Your Washington representative has been informed and kept in touch with developments throughout the year toward alleviation of the terms of the Decree. Several conferences were had with members of the staff of the antitrust Division of the Department of Justice upon complaints that they had received of alleged violations of the Decree. As a result of these conferences the complaints were investigated thoroughly, report-back was made to the staff members of the Department of Justice, and these government officials were satisfied that sufficient corrective action had been taken by A. C. B. of A. to warrant no further action being taken by them at this time. However, in view of the fact that the National Association might be held responsible for careless and unwitting acts of some of its members in the United States, the General Manager-Treasurer at the February meeting of the legislative committee requested Mr. Schilz to prepare an authoritative statement on the relationship between the Consent Decree and the treatment of direct

inquiries by individual members of the Association. This article was prepared and printed in the March, 1951, issue of The Credit World as part of the article "Items of Interest From the Nation's Capital." Your attention is again called to that opinion of counsel as being the last word and also a simple, concise explanation of how you can safely operate under the Consent Decree as long as it remains in existence or is not changed or modified.

Legal Opinions Rendered to the National Office at Its Request and Upon Request to It From Members of the Association: Your Washington representative has been requested to render advices and opinions upon a variety of legal subjects affecting the operations of the Association and its members throughout the year and has done so in approximately twelve or fifteen instances. Some of these involved questions under the Soldiers' and Sailors' Civil Relief Act, the Consent Decree, garnishment of salaries of municipal and state employees, vocational training funds for local education programs under the terms of the pending Barden Act (H. R. 3709), garnishment of salaries of federal employees, revision of "Change of Address List" by Post Offices.

In some of these cases it has been necessary to confer extensively with government officials and undertake voluminous preliminary research prior to the rendition of opinion. For example, before the republication by the Association of its excellent booklet on the Soldiers' and Sailors' Relief Act it was necessary for Mr. Clagett to examine the statutes, the Regulations of the Defense Department and to contact a number of the personnel of that department, all occupying a considerable period of time. When Mr. Schilz furnished an answer to an inquiry from Florida for use in connection with pending legislation in that state—a list of provisions of the 48 states and territories relating to garnishment of municipal and state salaries—it was necessary for him to similarly use a considerable amount of time examining the current laws and decisions of various states.

Garnishment of Salaries of Federal Employees: This subject was reexamined from time to time during the year and there were contacts made with Congressional representatives on the subject as well as members and officers of the Association. At the present time, while it is possible to garnishee the salaries of employees of most government *corporations*, it is not permissible to garnishee salaries of employees of federal departments and agencies. The legislative committee desired to obtain from the members a widespread expression of their interest in this subject and examples of aggravated cases before making formal presentation of the matter to Congress. We are uninformed as to what extent information has been supplied. Furthermore, in view of the pendency of the Korean conflict it was felt to be an inappropriate time to bring this legislation forward.

Amendment of Chapter 13 of the Bankruptcy Act (Chandler Act): In view of interest expressed at previous conventions of the Association and meetings of its legislative committee, your Washington representative followed the efforts to amend the Wage-earner provisions of this Act so as to raise upward the limitation on those who might participate in its benefits. At the legislative committee meeting in February and in The Credit World article publication in the May, 1951, issue, your Washington representative reported that Congress, on December 31, 1950, had amended this provision so as to allow persons having salaries or wages less than $5,000 to seek relief from debts under its provision rather than through other bankruptcy procedures. Your representative stressed at this meeting and the meetings of credit association members addressed by him that sufficient use of this provision is not being made. It is being widely used in only five or six centers of the country. Statistics obtained from the Bankruptcy Section of the Office of the Administrator of United States Courts show, however, that where it is being used, collections run very high and the accounts are being paid up. It has been suggested that credit associations should actively bring to the attention of the Referees in Bankruptcy in their respective judicial districts the provisions of this act and how salutary their use can be.

Soldiers' and Sailors' Relief Act: Commencing early in the year a series of articles have been published in several Credit World issues concerning the application and use of the Soldiers' and Sailors' Relief Act in the matter of extension of consumer credit. These articles were published in the national magazine in an effort to be of especial use to the small members of this association who might not have obtained its booklet on the subject. The subject matter continues to be timely.

Post Office Department Economies: At the legislative committee meeting in February your representative assisted in drafting a resolution calling upon the Post Office Department to effect economies and reorganization and thereby materially reduce postal expenditures. This resolution was brought directly to the attention of certain Congressional Representatives. ★★★

Credit Clinic at Wichita

A Credit Clinic, sponsored by the Credit Bureau of Wichita, Wichita, Kansas, was held recently under the direction of its Educational Committee, of which Curtis Good, Assistant Vice President, First National Bank, is Chairman. Leonard Berry, Educational Director, N.R.C.A., was the speaker of the first session at which 110 were present. The subject of the second session was collections. Ray Ivey, Credit Manager, Montgomery Ward, outlined procedures conducive to a higher collection ratio in installment accounts. Melvin Clark, Credit Manager, Geo. Innes Co., covered the problems connected with open accounts. At the third session, Attorney Lester Arvin gave a most educational treatment of the application of law to credit and collections. The fourth and final session was held in the offices of the Credit Bureau. Ralph Kearns, Manager, reiterated the use of the credit bureau with a talk, "Your Credit Bureau in Operation." Following this was a panel discussion on analyzing the risk, handled by Ray Ivey, Bernice Sharples, Credit Manager, Buck's, Inc., and Dick Wainscott, Manager, Midwest Finance Co.

Many credit schools and clinics have been held in Wichita through the years and it was generally accepted that this clinic carried more zest and real application to present-day problems than previous classes extending into 10 or more sessions. Interest never waned and all showed an eagerness to learn new methods which would improve them as working parts of a credit organization. The average attendance was 75.

CREDIT DEPARTMENT Letters

LEONARD BERRY

ONE OF THE MOST frequent criticisms of the credit department concerns the time taken in notifying the applicant for credit that the account has been accepted and is ready for use. This time lag between the application and the "go ahead" signal varies from a few days to as long as three weeks. Thus, in many cases, the criticism is a valid one.

More than 90 out of every 100 applications are accepted. These are potentially valuable new friends of the store. If handled well at the beginning, the relationship has every chance of growing into a highly satisfactory steady patronage. Credit applicants are immensely gratified and complimented if approval comes rapidly. They are disturbed and resentful if it comes tardily.

Of course, most customers know vaguely that they must be "looked up," but have little understanding of just how this is done or what procedure is necessary. The period of waiting for the verdict seems to them endless, giving rise to a feeling of uneasiness expressed in the frequently heard comment, "Why should it take them so long to check *my* credit?"

Even if no immediate credit purchases are contemplated (and usually there are), applicants are anxious to know that they have been accepted. Each unnecessary day's delay in getting this good news to the customer might cause lost business, and certainly it lessens good will. As a matter of better public relations, managers of credit sales should examine the entire new account procedure and tighten any loose spots that appear.

Most credit bureaus endeavor to clear credit reports with the utmost possible expedition. Of necessity, credit investigation requires time. Some kind of reports take longer than others. Therefore, the decision as to the *kind* of report to obtain from the bureau plays an important part in this new account routine. Skill in making the right selection of the report needed results in speedier bureau service, and consequently, earlier notification to the waiting customer.

Credit bureau managers rightfully pride themselves on the customary rapidity with which credit reports are completed. Anxious to maintain high standards of service, they will welcome your calling to their attention any specific cases of undue tardiness.

Credit executives, in their departmental staff meetings, should stress "what a difference a day makes." We often find evidence of that human tendency to put off handling credit applications until tomorrow. Instead of allowing this part of credit office procedure to be regarded as merely routine, credit department heads should inspire in personnel an eagerness to give new account notifications top priority.

With the currently restricted mail service, it is more than ever important to secure correct and complete addresses. Use of zone numbers lessens delays in mail delivery. Perhaps there can be some advantage in mailing at noon, those new account notifications ready, rather than waiting for evening. A few hours earlier mailing time might mean a difference of a whole day in residential delivery.

A survey of the entire new account procedure will probably show possibilities of shortcuts and routine improvements that will lead to earlier account use and customer approval. Along with promptitude, the *manner* of telling the customer the account is opened has considerable importance.

Customers are likely to place a similar value on the credit convenience as that expressed by your form of acceptance. We observe many stores using a processed form letter, with poorly matching fill-in, and, worse of all faults, a smudgy rubber stamped signature. Such unimaginative and mechanical treatment hardly befits the important occasion. Customers will be unimpressed by this dingy way of welcoming a new friend to the inner circle of credit account holders.

Surely in this initial contact with a new patron, we should put our best face forward. The new account letter should be well written, attractively prepared, only the best possible letter paper used, and, with that final compliment, a legible, hand-written signature. Many outstanding stores successfully use printed or engraved cards. These have dignity and impressiveness, and also convey that touch of formality appropriate to the event.

This Month's Illustrations →

Illustration No. 1. This new account notification, used by I. Magnin and Company by their several stores in California, is a superb example of the engraver's art. Note that the newly opened account may be used in any of the Magnin stores. This is a great advantage to the customer.

Illustration No. 2. Newman's, Cedar Rapids, Iowa, utilizes this new account notification folder (two sides only shown) to explain credit terms and the various credit services offered. The wording of the first paragraph on the first inside page is particularly pleasing and gracious.

Illustration No. 3. This is a splendid example of a new account letter for a specific situation. G. G. Alexander, Manager of Credit Sales, Linz, Dallas, Texas, outstanding jewelry store, personalizes this fine letter by including the name of the salesman who sold the initial purchase. The letter is used when a personal application has not been made to the credit office.

Illustration No. 4. L. A. Buzard, Credit Manager, Frederick and Nelson, Seattle, Washington, sends this attractively prepared folder (two sides only shown) to new credit customers. It offers a cordial welcome and also lists the various credit services offered by the store.

1

We acknowledge with pleasure the opportunity you have given us of opening a charge account for you.

This is available for your use in any of the I. Magnin & Co. stores.

It is our sincere hope that we may have the privilege of serving you often.

I. MAGNIN & CO.

SAN FRANCISCO
OAKLAND
SEATTLE
SANTA BARBARA

LOS ANGELES
BEVERLY HILLS
PASADENA

2

It is a pleasure to welcome you as a charge customer of Newman's

Your choice of Newman's is an expression of your faith in this store and the people who serve you; we shall do everything we can to be worthy of your confidence.

It is our custom to render bills monthly; these are payable in full during the month following date of purchase.

3

LINZ
DALLAS

CREDIT DEPARTMENT

June 15, 1951

Mr. John Roe
1951 Fourth Street
Dallas, Texas

Dear Mr. Roe:

You have made us very happy to welcome you to our family of friends.

We sincerely hope that you will enjoy shopping with us and that you may come in frequently to visit Mr. Adams and to look over our selection of merchandise of which we are very proud.

For three-quarters of a century we have endeavored to serve our customers in the manner they like best, and we sincerely hope you will give us such an opportunity.

It will be a pleasure to meet you personally at an early date, and we sincerely hope you will use your account often.

Sincerely yours,

LINZ BROS.

G. G. Alexander

G. G. Alexander

THE SOUTH'S GREATEST JEWELERS · ESTABLISHED 1877

4

We welcome you as a Frederick & Nelson charge account customer.

A monthly account has been opened and is now available, starting immediately, for your convenience.

You may be sure that we shall strive earnestly to make your every shopping experience with us a pleasant one.

OUR 61ST YEAR

Frederick & Nelson
A Division of Marshall Field & Company
Seattle 11, Washington

Our Credit Services

MONTHLY ACCOUNT

Our system of monthly accounts, such as we have just opened for you, requires payment in full upon receipt of statement the month following the date of charge. We feel sure that you will be glad to subscribe to this practice of ours for monthly accounts.

BUDGET ACCOUNT

When you plan to purchase Home Furnishings, rugs, major household appliances, and other large items, you may arrange for a Budget Account. Payment for such purchases for either one item or a group of items can be arranged over a period of time. Our Credit Department will be glad to discuss your prospective purchases with you and explain just how the payments can be arranged.

PLAN-A-COUNT

This is Frederick & Nelson's modern way for you to make smaller purchases and plan payments out of your income. You may use the Plan-A-Count for the same kind of purchases you would make on a monthly account. It is just as simple and in addition, you have the convenience of a special Charge-Plate* to be used only at Frederick & Nelson.

* TRADEMARK REG.

CREDIT FLASHES

Jay Iglauer Honored

The National Retail Credit Association awarded an honorary life membership certificate to Jay Iglauer at a meeting in his honor held by the Cleveland Retail Credit Men's group on June 14, 1951. This certificate acknowledges his more than 25 years' membership in the National and his cooperative attitude in the work in all matters pertaining to retail credit. Honorary life membership, the first ever issued by the Credit Bureau of Cleveland, was also presented to Mr. Iglauer in recognition of his more than 50 years of helpfulness to the local credit fraternity.

Formerly credit manager of the Halle Bros. Company, and more recently vice-president, treasurer and controller, Mr. Iglauer retired June 8 after 50 years of continuous service with that company. During the period, he was continuously active, and supported the credit company as well as the Retail Merchants Board operation. He served the credit company as a director or trustee for many years and was president in 1909 and again in 1914. He represented the Halle Bros. Company on the Executive Committee of the Retail Board and was president of the Board for three terms, 1930, 1931 and 1932 inclusive.

In a letter from Mr. Iglauer, he said "Your telegram and the certificate of honorary life membership touched me deeply. I have always felt that the credit department of any institution is almost as important in making and keeping customers as the sales department. You, as a long-time head of the National Retail Credit Association, have set a fine example in maintaining a high ethical standard for the men in this profession."

1952 Annual Meeting of District Ten

The annual meeting of District Ten (Alaska, Idaho, Montana, Oregon, Washington, Alberta, British Columbia and Saskatchewan, Canada) will be held in Tacoma, Washington, May 18-20, 1952.

C. C. Lewis

CLINTON CLARENCE LEWIS, 79, for 33 years Manager, Retail Merchants Association, Waco, Texas, died April 19, 1951. He was a pioneer in credit bureau work and developed a standard form for credit information which was adopted throughout Texas. An ardent Bible student, he was superintendent for 15 years at the Austin Avenue Church in Waco. He was a Past Master in the Masonic Lodge and a Rotarian. He was born on a farm near Bowling Green, Ky. Attending college at Bowling Green, he taught two terms, was a salesman at a general store in Brownsville, Ky., and in his spare time studied telegraphy. He came to Temple, Texas for his health. While in the furniture business he became interested in credit bureau work and set up the credit agency at Cleburne. He came to Waco in 1914. In addition to the credit bureau, which later became the Merchants Association, Mr. Lewis organized exchanges for doctors and dentists, and for dealers of athletic equipment. He is survived by two sisters to whom the National Retail Credit Association extends its deepest sympathy.

Sol Dreyfuss

Sol Dreyfuss, 65, President, Dreyfuss & Son, Dallas, Texas, died May 27, 1951. At the turn of the century Mr. Dreyfuss founded a small men's apparel store and in 1930, the business moved into a five-story million-dollar plant. He is survived by a daughter and a sister.

L. L. Meyer Active in Hospital Work

One of the biggest steps forward in the history of the Texas Medical Center was taken recently when officials of the Texas Children's Hospital contracted for construction of the $2,000,000 children's health facility in the Center. Following the signing of the contract, Leopold L. Meyer, President of the hospital board and Past President, National Retail Credit Association, announced that construction of the new unit will begin promptly. Completing contracts for the three-story masonry structure capped months of preparation during which every children's hospital in North America was surveyed to insure that the most modern facilities will be included in the Texas Children's Hospital.

Position Wanted

TRAVELING CREDIT SUPERVISOR, 55 years of age, now available. Nationwide experience with large retail chain stores. Will headquarter anywhere in the United States where I can best serve an aggressive organization. Box 4512, The CREDIT WORLD.

For Sale

CREDIT BUREAU in a town in central Pennsylvania, approximately 10,000 population. Collection department Box 7511, The CREDIT WORLD.

CREDIT BUREAU and Collection Agency in Southwest established in 1944. Cash or terms. Box 7512, The CREDIT WORLD.

WARNING

Money orders Nos. 189661 to 189800, inclusive, station money order postmarking stamp, postmaster's name stamp and $105.63 in cash were stolen from Clerk, Contract Sta., No. 17, Pgh., Pa. At New Kensington, Pa., April 25, 1951, money order No. 189664 was passed for $91.50 payee named as Harry O. Cabbott. The passer bought a radio for $49.75 and received balance in cash. May 8, 1951, money order No. 189681 was passed at Moose Club, Clarksburg, W. Va., for $85.00, payee Lyle P. Wood. In latter instance, passer displayed lodge card on Loyal Order of Moose Lodge No. 1263, Daytona Beach, Florida. Wood first looked at merchandise and stated he was expecting money order from Pittsburgh, Pa., and returned later and passed the order. Wood, who has a criminal record in Pittsburgh, was identified as person who held up Contract Sta. and passed money orders named above.

He is 51 years of age; 5′ 7″ tall, about 165 pounds; blond hair greying at temples; light blue eyes, well tanned. He left vicinity of Pittsburgh last Fall to spend winter in Florida. He is alleged to be driving Chevrolet station wagon with 1951 Pennsylvania license plates No. 8022-F. He is a good talker and gives appearance of being a successful businessman. He seeks employment as clerk at times. He may be accompanied by his wife, Gertrude, who sometimes uses Betty Wood.

It is requested all money order clerks, local police and retail merchants' associations be alerted. Wood should be detained and nearest post office inspector notified by telephone or telegraph, collect. United States Marshal, Pittsburgh, Pa., holds warrant for his arrest. A reward is payable for the arrest and conviction of any person on a charge of receiving or having unlawful possession of property stolen from a post office or a station of a post office.—*The Bulletin,* Credit Bureau of Pittsburgh.

Annual Meeting at Kalamazoo

To finish a very successful season of meetings and programs, the Retail Credit Managers Association of Kalamazoo, Kalamazoo, Michigan, held its Fifth Annual Let Down Party at the Gull Lake Country Club, May 24, 1951. Activities included golf, bridge, and canasta for which prizes were awarded. A social hour, during which corsages were presented to the ladies, preceded an excellent Smorgasbord dinner with all the trimmings. The feature of the evening's program was the internationally famous Col. Jack Major, the Kentucky Colonel from Paducah whose subject, "Women, Taxes, and Hogs," was a humorous but steracle commentary on the feminine sex and the state of the nation. A wonderful time was had by the 152 credit granters, friends and guests present.

The new officers and directors elected at the meeting were: President, Dale Snyder, Costello's Ford Sales; Vice President, Milford C. Patten, First National Bank and Trust Co.; Second Vice President, Harry Selner, DeNooyer Brothers; and Secretary-Treasurer, Ralph W. Matthews, Credit Bureau of Kalamazoo. Directors: William Goggin, Goggin Paint Store; Harold Jacobson, American National Bank; Virginia Asbell, W. T. Grant Co.; Lucille Muryne, Fred Mahoney's Shop; Walter Johnson, Industrial State Bank; and Floyd Miller, E. M. Sargeant, Inc.

"National Emergency"

(Beginning on page 4.)

same plea to the American people, but in a different way. We come not to your pocketbooks through taxation; we come telling you positively of what we have been doing through decades and what we intend to keep on doing and asking that you fail not to remember that the small gift-supported colleges and universities, which have trained so many leaders of free American society, have played such a lively part in bringing about the world that you know, that you will not forget them.

Teaching self-reliance, individual responsibility, the necessity for initiative, developing character and personality and broadly trained minds are needed very desperately today in America. We need greatly a moral reawakening. If you do not believe me, think back to the revelations of the Kefauver Committee; recall the revelations of the RFC Committee, consider the political graft that has become rampant in this country, recognize the demagoguery that is abroad, note the degree to which we gain politically if we violate the ninth Commandment and bear false witness against our neighbors. Consider all these things and reflect upon what these mean for America. Add to this the tempting fragrance of a government-managed security numbing our initiative and dulling our self-respect. Add to this the opiate of responsibility shifted to the shoulders of some vague nebulous body or group or government located at some distant point, and you see the evidences of a kind of moral disintegration that can be rectified only by the rallying of good citizens who once knew the meaning of responsibility and freedom and righteous indignation and who reply to all of these forces that they will do their utmost to assure that their sons and daughters will receive education whereby these principles will not go by default. The colleges of this land appreciate their heritage of freedom and democracy and individual enterprise. The colleges of this land are close to their communities. They have been and are a stabilizing influence on the school, on the church, on the *community* and on the state. The colleges and universities of America have been through depression and war and now many a college administrator is saying, "Isn't this where I came in?" The nature of the economic problems which colleges face would seem to plunge all college leadership into the depths of despair but they are not in despair. True, they know they must have financial help and have it soon. True, they know that some institutions may not survive, but they have confidence that there will arise from within this nation the men, the women, the corporations, the business concerns, the agencies, the foundations which will stand back of these colleges, revitalize them and give to them a new worth of effectiveness and meaning in the culture of tomorrow. ★★★

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.

The Customer Is Always . . .

ALBERT EMSLEY, M.C.I., National Drug & Chemical Co. Ltd., London, Ontario, Canada

RIGHT! Yes the customer is always a customer always is. Echoes of Gertrude Stein.

The above opening is admittedly an attention catcher. The much quoted and somewhat hackneyed expression "The Customer Is Always Right" has been shortened a little. The customer is not always right. In fact, on the contrary he is quite often wrong but what is implied is that the good will, the respect, and the continued patronage of the customer must at all costs be maintained.

Down through the annals of time, from the market places and trading posts of old to our own highly industrialized and mechanized era, there have always been customers. And just as long as commercial enterprise endures, which will be possibly as long as man himself, there always will be customers.

Place of Credits and Collections in Canada

In a recent publication "Credits and Collections in Canada," there is given a broad and general coverage of the place of credits and collections in this country. There is however no section, no chapter devoted entirely and directly to the customer, his problems, and his relation to the credit man and his work. Indirectly he is mentioned and is dealt with in many diverse ways, but he usually appears as a secondary and subordinate figure.

A great deal has been written on the theme of customer cooperation but often it has become so sugar coated with sticky sentimentalism that its true significance and its practical use have been lost sight of. Typical of this are the admonitions and platitudes which every businessman periodically receives in his mail bearing messages to the effect that the customer is our bread and butter and the very reason for one's being in business.

There comes a time when every man who deals in merchandise either for himself or as an agent for others should define and attempt to more fully understand the relationship between dealer and customer. This applies whether one is a representative of a manufacturing, wholesale or retail firm. What is denoted by the terms customer, client, patron or account and what are the obligations of each to one another in this relationship?

One dictionary, in very simple and straight forward terms, defines a customer as "one who deals (especially habitually) with a trader. What is important to the trader is the word "habitually." Implicit in it is the suggestion of repetition and the fact the customer will return again and again to that same trader.

A large percentage of the world's business is today being transacted under what is generally interpreted as free enterprise, notwithstanding certain restrictive measures, state controls, alleged cartels and monopolies. Free enterprise postulates that under normal trading conditions anyone in business may purchase from whom he pleases. In a competitive market he is privileged to use his own discretion and exercise his own free will in selecting his supplier. What then are the facts which determine where a man shall purchase his goods, wholesale or retail? There are many contributing factors, both economic and psychological. Economic principles being more or less pre-determined and a whole field in itself, we shall confine our comments to the personal coupled with the psychological approach.

Merchandising, advertising and salesmanship are all integral and relevant parts in the dealer-customer association. Voluminous articles could and have been written on these particular phases of commercial enterprise. The evidence of their importance is verified by the emphasis placed on these aspects by practically all progressive concerns. One particular aspect, however, which previously had little acknowledgment from top management and which is now only coming into proper perspective is the part played by the credit man. In his position as dispenser of credit, and holding the responsibility for collecting those amounts which he has authorized as being worthy of credit, he has a definite role to play as a public relations emissary.

Cartoons and humourous quips have prototyped the credit man as an introverted, bespectacled, baldheaded man who delights in refusing credit requests; the author of mean and demanding letters; and the very antithesis of a social, human being. It was summed up recently by a sales manager guest speaker at a credit men's conference who, after informally meeting them, rather facetiously admitted in a public meeting that credit men were human beings with normal feelings and emotions.

Credit is a Highly Skilled Profession

Since the turn of the century the credit department has evolved from an accounting department subsidiary to a highly skilled and recognized profession. The efficient credit executive must of necessity have a basic working knowledge of accounting principles and practice, but he must be more than an accountant. He deals with figures and statistics and must be familiar with the significance of certain ratios, but he also deals with human people. To the extent that he understands their foibles and idiosyncrasies, and is able to satisfactorily cope with them, to that extent is he a successful credit man. Statistics are cold, calculable and concrete but understanding people demand a broad background of sociology and psychology. By this is not meant only the theoretical and academic approach as study must be

coupled with an honest and sincere desire to be of service to the customer.

Though the practice of credit collection procedure is not an exact science, it has enough tangible attributes to make it a definite and specialized segment of the business fabric. The art of public relations has gained increased stature during the past two decades, and has been defined as something which in an individual would be called good morals and commendable manners. To the degree that he is a good public relations exponent, the modern credit man is successful in establishing and cementing friendly relations with those with whom he deals. There is that about it which is volitionally friendly and which tends to foster good will. And good will can be stated as being "The disposition of the customer to return to the place where he has been well served." While good will is a vague and nebulous item in most balance sheets, its real value in maintaining and promoting future business is of immeasurable consequence. Every employee of every firm is a good-will ambassador whether it be by the sales, advertising or collection routes.

Psychological circles have recently coined a descriptive term called empathy. It is derived from the German and means "feeling into" or transposing oneself into another's position. Just as sympathy means feeling for, empathy means feeling into or colloquially "placing oneself in another's shoes." There are many inferences here, and it is of prime importance in developing better customer relations.

By the nature of his work the credit man is behind the proverbial eight ball. Dunning a customer for a past due account or turning down an order due to justified reasons are in themselves not conducive to friendly customer reciprocity. Therefore, only by schooling himself in the problems besetting his customer is the competent credit man able to fulfill all the obligations entailed in practicing the art of public relations. Abe Lincoln is said to have spent one-third of his time obtaining material and arguments for a forthcoming debate, and the other two-thirds he devoted to what he anticipated his adversary would say. The analogy holds good in the realm of credits and collections.

Problems of the National Economy

Besides realizing the over-all problems of the national economy, the credit man must in his and his firm's interests be familiar with the local problems of that particular section over which he has jurisdiction. Seasonal differences, sectional differences, and racial differences must all be accounted for. Problems of a merchant dealing in a Northern Ontario town are not those of the Newfoundland retailer situated in a fishing community, or those of an Okanagan Valley storekeeper. Only by periodically getting out on the territory, meeting and talking with the customers, will the efficient credit man get his information. He will then be able to feel the pulse of trade at its source.

For too long the credit man has been classed as a desk-jockey. While his work is primarily despatched from that point, he must supplement it by a certain amount of field work. Sales department complaints, and quite legitimate, are frequently made that the credit manager is not fully conversant with local conditions and that at times he does not deal fairly with customers. One personal contact does more to engender mutual understanding and respect between the credit man and his customers than do 50 of the finest letters. It is like the difference between the legitimate stage and the movies; one is vital, dynamic and personal while the other is synthetic, second hand and imitative.

The credit man can help in dispelling popular notions about his alleged reserved and crusty manner. Just as the police constable has been proved by an educational program to be a true friend to school children instead of a fearful minion of the law, so should the credit man embark on a program destined to prove his cooperative function in the modern commercial world. Personal calls, informal chats, participation in social trade gatherings, all pave the way to an understanding of the customer's problems and show a willingness to cooperate.

The Art of Customer Correspondence

Customer correspondence is a topic about which a great deal has been written. Letter writing should supplement the personal call. The top credit man is an expert in the art of correspondence. Perhaps in no other subdivision of business is so much knowledge, tact, patience and perseverance required. The credit profession has come a long way from the days when statements were mailed affixed with that terse and deadly demand "Past Due, Please Remit."

Quite often a customer will write a letter, obviously upset with some complaint. This is an excellent opportunity to make a friend out of a customer. It is often an easy matter to make a customer out of a friend, but to make a friend out of a customer is a more difficult proposition. Tactful handling of all complaints no matter how insignificant pays high dividends in satisfied customers which means repeat business.

Promptness in replying to a customer's letter merits consideration. It is proof that you are concerned about his welfare and wish to have any adjustments made quickly in his interests. A few credit men either through overwork or procrastination have a whole file of correspondence ahead of them. Sometimes several weeks elapse before letters are answered. A competitor who answers letters promptly and efficiently (all else being equal) will stand a better chance of additional patronage.

Another way of achieving friendly relations is to let the customer know that his patronage is appreciated. A solid, good paying account rarely receives a letter from the collection department. His is a routine account with statements going out, and being retired on the due date by either cheque or the honoring of a draft. Some progressive firms make it a point to periodically take time out to write these A1 customers, acknowledging their support and the prompt manner in which they settle their accounts.

This is, however, a somewhat obvious artifice and too often the letter is not as personalized as it might be; sometimes even giving the impression of a conventional form letter. An alternate method is when writing these accounts during the year concerning some other matter, to close out the letter with a personal acknowledgment of their custom.

(Turn to "The Customer," page 31.)

General Business Conditions

VOLUME OF TRADE and business activity has remained on the very high plateau of recent months and is currently at about 20 per cent higher than it was last year at this time. Higher prices account for much of this gain, but factories are also turning out more goods. Variations among different lines of industry have been quite large, however, and in some fields output is less than it was a year ago, and the trend is still downward. So far the increases in other factories have more than offset the declines in those which have curtailed operations.

Variations among different parts of the country are somewhat less than usual, and in all areas activity is higher than last year. The districts in which heavy industry predominates continue to show the greatest improvement. They reflect not only the growing volume of Government orders for military supplies and equipment but also the output of materials needed for plant expansion. Both these aspects of industrial activity are making larger gains than is the production of civilian goods, especially the non-durable items. These contrasting trends appear likely to continue and may become even more marked during the next few months.

The other areas in which business volume has risen more than the national average are the Southwest and the Pacific Coast regions. The record production of petroleum is a factor speeding up business in the Southwest, as is the expansion in airplane and other kinds of factories. These influences have been stronger than the depressing effects of the prospects for a much smaller wheat crop in the winter wheat areas. Increased incomes from livestock and from truck crops are also supporting factors which make for a higher level of business activity.

Activity of various kinds associated with military operations and the production of military supplies accounts for the good showing made along the Pacific Coast. Business has speeded up both in the southern section and in the north. Indications are that the trends in that section of the country will be increasingly favorable throughout the remainder of this year unless there should be a striking and unexpected change in the international relations.

Business activity is lagging throughout much of the Southeast and in the lower part of the Mississippi valley region. Conditions are better than last year, but the stimulating forces of factory expansion and the demand for industrial goods have not been so effective in boosting trade in those areas. Neither has employment increased quite as much as in other parts of the country. Some improvement has recently taken place along the Atlantic coast and around New York city, but the change has not yet been sufficient to bring the increase in trade and industry up to the national average. Quite similar trends have taken place in the New England states but activity is not lagging quite so much behind that in other parts of the country as it did several months ago. Indications point toward continued improvement at a somewhat slower pace.

In Canada, changes in the rate of business activity have been very small in recent weeks, but the trend has been definitely upward. The increase in industrial production has been a little less than that in the United States. One of the major stimulating influences is the proposed expansion in production for military purposes. Total expenditures by the Government are expected to increase close to 30 per cent, while those for defense will be more than double those of last year. Even more significant is the increased demand from consumers, as a result of the rise in incomes. Purchases by business are also heavy. The outlook for both industry and agriculture continues to be favorable.—*Business Bulletin*, LaSalle Extension University, Chicago, Ill.

Consumer Credit

CONSUMER INSTALMENT credit outstanding declined 69 million dollars in April and amounted to 12,906 million at the month-end. The decline during the 6 months since October, 1950 amounts to nearly 500 million dollars, and compares with an increase of more than 2 billion dollars in the preceding 6 months. Instalment credit usually rises substantially in April. The decline of 69 million dollars this April compares with an increase of 245 million a year ago. Automobile instalment sale credit declined 16 million dollars and other sale credit declined 79 million. These decreases were partially offset by an increase of 26 million in the amount of instalment loans outstanding. Charge accounts outstanding on April 30 were 194 million dollars below the level of a month earlier. Total consumer credit outstanding declined 257 million in April to 19,121 million dollars at the month-end.—Federal Reserve Board.

Retail Furniture Report

FURNITURE STORE SALES showed a decline of 5 per cent in April. There were decreases in all types of sales, although the 3 per cent decline in cash sales was less than that reported for credit sales. Instalment sales were down 5 per cent, while charge-account sales showed a decrease of 10 per cent. The downturn in sales brought total volume to a level 2 per cent below that of the previous April. This year-to-year decrease was due to a decline of 12 per cent in instalment sales, which, because of the importance of instalment business, was more than enough to offset increases of 8 per cent and 14 per cent for cash and charge-account sales, respectively. Instalment accounts receivable declined 2 per cent in April, but showed an increase of 1 per cent over April 30, 1950. Collections on instalment accounts experienced the usual downturn in April, but, when related to first-of-month receivables, yielded a collection ratio of 11 per cent, the same as in the previous month. The retail value of inventories at furniture stores increased 2 per cent during April and at the month-end was 36 per cent above the level of a year ago. At the prevailing rate of sales, inventories on hand as of April 30 were equal to about 6 months' supply, the same as at the previous month-end, but above a year ago when stocks were equivalent to about 5 months' supply.

Consumer Instalment Loans

CONSUMER INSTALMENT loans outstanding at the principal types of lending institutions are estimated at 4,622 million dollars at the end of April, a net gain of 27 million dollars from a month earlier. Little change in loan balances was reported by each type of lending agency. The over-all rise from a year ago continued around 20 per cent. The volume of loans made, which usually declines in April, was down 9 per cent, about the same rate as was reported in April, 1950. The monthly volume, however, was up 12 per cent from the year-ago level.—Federal Reserve Board.

Retail Instalment Credit at Furniture and Household Appliance Stores

INSTALMENT ACCOUNTS receivable at retail furniture stores declined during April, a month during which substantial increases have occurred in the other post-war years. During the six months ended April 30, such receivables declined about 11 per cent. This decline roughly balances the increase in instalment receivables which had taken place during the six months ended October 31, 1950. As a result, month-end instalment receivables were at approximately the year-ago level. Household appliance store instalment accounts receivable were down substantially in April, also in contrast to the usual April increases shown in recent years. However, the amount of receivables at month-end was nearly 25 per cent above the level of April, 1950. The rate of repayment of furniture store instalment accounts outstanding on April 1 was unchanged from March, as shown by the collection ratios. However, furniture store instalment accounts were being liquidated more rapidly than a year ago. Household appliance store collections, when related to instalment accounts outstanding at the beginning of the month, were slower in April than in March. The collection ratio for household appliance stores was the same as for April, 1950.—Federal Reserve Board.

Collection Scoreboard

Compiled by the Research Division

May, 1951 • • • • • • • • • • **May, 1950**

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1951			1950			1951			1950			1951			1950			1951			1950		
	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	49.6	54.5	45.5	48.4	53.5	38.8	19.2	24.2	15.5	17.9	23.7	13.7	41.6	49.0	30.0	43.5	50.0	34.2	43.6	46.2	40.9	41.5	43.8	39.2
Birmingham, Ala.	47.9	59.5	40.0	49.9	57.9	43.0	18.8	21.7	16.2	19.6	27.9	15.0	60.0	69.5	50.4	64.8	72.8	51.0	49.1	50.4	46.5	49.9	52.9	46.0
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	55.7	58.5	53.0	60.0	62.9	57.0	18.4	18.9	17.9	17.7	18.0	17.3	—	78.0	—	—	84.7	—	72.3	73.4	71.2	68.0	70.5	65.5
Cincinnati, Ohio	56.4	62.0	48.7	57.8	63.8	51.8	17.6	23.7	13.4	14.4	18.9	10.1	60.0	62.9	57.1	59.8	61.2	58.4	54.5	60.8	48.3	52.3	58.8	45.9
Cleveland, Ohio	48.8	54.2	44.3	51.4	56.7	43.7	23.0	24.2	19.4	21.9	25.1	17.4	39.8	59.3	26.5	32.3	40.2	24.4	69.9	94.5	45.3	72.1	96.7	47.5
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	47.7	51.1	38.6	52.5	58.4	43.4	20.1	22.9	16.9	17.5	18.0	12.2	49.7	51.1	48.4	49.4	54.9	43.5	49.7	51.1	48.4	49.4	54.9	43.5
Des Moines, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	55.8	63.2	48.4	60.3	29.7	51.0	—	54.7	—	54.6	57.9	51.3
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	52.6	57.9	47.4	54.1	62.9	45.4	14.6	16.4	12.8	18.9	20.2	16.7	56.4	61.2	49.9	57.1	66.2	53.4	—	—	—	—	—	—
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	56.0	58.6	48.8	57.9	64.0	52.5	19.0	19.1	16.7	—	—	—	—	57.8	—	—	60.9	—	51.8	74.4	48.0	51.6	71.4	48.5
Louisville, Ky.	49.1	51.0	47.1	50.4	53.6	47.2	17.3	19.0	15.5	17.0	18.5	15.6	44.1	45.4	42.2	46.6	48.5	45.2	48.8	62.2	41.8	50.8	59.0	43.1
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	56.2	60.2	47.7	56.0	62.6	48.2	18.7	19.8	18.1	15.8	19.4	14.9	58.4	59.6	57.2	60.0	62.6	57.5	55.3	65.0	45.6	49.6	57.8	41.5
Minneapolis, Minn.	56.6	60.6	52.2	59.6	63.3	57.1	20.8	22.9	19.7	19.3	20.6	17.6	—	56.3	—	67.6	74.1	61.2	51.8	58.8	46.8	61.4	76.4	50.2
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	50.2	54.5	38.9	50.5	56.5	41.8	18.3	24.6	16.3	18.0	26.1	16.0	47.2	53.2	45.6	47.1	55.1	46.0	55.6	57.0	54.2	57.0	59.2	54.9
Oakland, Calif.	56.9	63.3	49.7	60.6	64.3	52.7	21.8	24.7	18.1	20.0	31.0	17.2	53.7	55.1	52.2	58.2	59.5	56.9	57.2	62.4	51.9	57.7	59.5	51.4
Omaha, Neb.	—	—	—	—	—	—	—	—	—	—	—	—	46.8	49.8	42.0	47.7	49.9	45.0	55.8	58.4	53.2	—	63.6	—
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	52.3	57.8	49.3	50.5	57.0	47.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	55.0	58.0	53.2	58.0	60.8	55.3	18.8	22.4	16.4	18.6	20.3	15.0	44.4	58.4	35.7	47.4	56.0	38.9	48.7	58.8	42.0	51.5	56.5	47.9
Salt Lake City, Utah	61.9	71.5	52.9	60.3	62.1	56.3	21.0	23.6	16.7	18.8	23.1	16.3	46.5	48.0	45.1	48.2	50.2	46.2	—	—	—	—	—	—
San Francisco, Calif.	53.3	62.7	51.2	55.6	64.0	39.1	23.6	26.1	22.1	20.4	21.8	19.1	44.7	48.4	39.4	45.2	49.1	40.0	46.8	51.3	45.5	49.2	51.9	47.2
Santa Barbara, Calif.	62.4	66.2	60.3	62.8	71.8	56.2	—	—	—	—	—	—	60.5	65.6	57.4	61.6	63.5	58.3	61.4	71.5	51.8	63.8	74.0	50.2
Sioux City, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	65.4	69.4	61.4	63.5	67.4	59.5	20.5	25.2	15.7	24.0	25.9	22.1	—	69.4	—	—	70.8	—	—	53.4	—	—	51.7	—
Toledo, Ohio	48.1	49.0	44.2	54.6	56.4	47.4	19.6	23.2	15.7	18.0	21.4	16.3	57.6	57.8	57.4	61.3	62.2	60.4	42.[illegible]	46.4	37.9	43.8	48.0	39.7
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	46.8	53.3	44.7	49.2	55.8	46.9	18.9	21.5	15.7	18.1	21.4	15.6	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	50.3	57.1	49.7	52.4	57.2	48.4	26.5	28.8	21.5	25.9	26.0	19.4	50.7	54.4	47.0	54.1	59.2	49.0	—	—	—	—	—	—
Youngstown, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	52.5	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	47.5	53.5	35.4	38.6	50.2	30.8	21.4	25.5	17.4	18.7	30.5	13.8	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

INSTALMENT ACCOUNTS receivable at department stores continued to decline during April and at the month-end were 4 per cent below the level of March 31. This downward movement contrasts with the upturn in department store instalment accounts receivable which is usually experienced at this time of year. At the month-end, however, these accounts were 15 per cent above the level of April 30, 1950, although this year-to-year increase was substantially less than the average year-to-year increases shown since 1946. Collections on instalment accounts showed the usual downturn in April, and when related to first-of-month receivables, yielded a collection ratio of 18 per cent, 1 point below the March ratio. At the April rate of repayment, instalment accounts outstanding would be liquidated in about 10 months, slightly less than the average repayment period prevailing in April 1950. Charge accounts receivable declined 4 per cent in April, whereas small month-to-month increases have been the rule in April of recent years. Charge accounts outstanding at the end of April were, however, 15 per cent above the year-ago level. The 9 per cent drop in charge-account collections was reflected in a decline in the collection ratio from 50 per cent in March to 47 per cent in April. The result was a lengthening of the average repayment period to about 63 days, somewhat longer than that prevailing both a month ago and a year ago. Instalment sales accounted for a slightly smaller proportion of total department store sales in April than in March as is shown by the decline of 15 per cent which compares with declines of 9 per cent for both cash and charge sales.—Federal Reserve Board.

FOR THE SMALLER BUSINESSMAN

Sales Promotions—Office Procedures
Credit & Collection Problems

A Complete Collection Program

FOR ONE REASON or another, customers seem to particularly resent receiving collection letters and notices from smaller merchants. Perhaps this is because the smaller merchant, for the most part, knows his customers personally. This close personal relationship, while eminently desirable in many matters, is likely to be somewhat embarrassing when it comes to asking for money.

Actually it is just as important, if not more so, that bills due smaller merchants be paid as promptly as those of larger stores. It is, however, undeniably true that customers tend to impose on the good nature of the little fellow while often taking good care to pay the big store.

A simple and effective collection program can be built on the use of National Retail Credit Association stickers and inserts. Because these remove any personal sting they are especially adapted for use by the smaller merchant. The prestige of the National is an important part of their effectiveness. Instead of the merchant making a personal plea for payment, because he needs the money or some other reason, N.R.C.A. stickers and inserts put the matter on a higher and firmer plane.

The stickers are easily attached to statements. The inserts need only the fill-in of the pertinent data, and this can be done in pen and ink, or on the typewriter. Thus no great skill in letter writing is involved. The wording of the stickers and inserts has been tested and proved. They bring maximum results with the minimum unfavorable customer reaction.

The first step in collection procedure is the itemized statement. As we have said previously, prompt and accurate billing of customers' accounts is important.

Usually thirty days after billing is allowed for payment, although some merchants begin the collection follow-up fifteen days after billing. The first step in the collection routine is to attach a sticker to a statement showing the amount due. Illustration No. 1, on the opposite page, shows a sticker that in friendly and courteous manner tells the customer the credit terms of the store and suggests payment. Note the N.R.C.A. emblem. This carries weight and significance.

It is important, once the collection procedure is begun, to send follow-ups at regular intervals. The second step, 15 days later, is the sticker shown in Illustration No. 2. Here the implication is that prompt payment is necessary to protect one's credit standing and insure credit service tomorrow.

Illustration No. 3 shows the third sticker in the procedure, sent 15 days after the second. Here mention is made of the Credit Bureau, and tells the customer that good credit is made up of many transactions, each important to the total record.

At this point, if no response has been gained to the three stickers, it is proper to telephone the customer. Last month, on this page, we discussed in detail, the use of the telephone in collections. Where the customer has no telephone, and the account is a substantial one, perhaps someone from the store can call at the home and find out what is delaying payment. At this stage in collections, further credit should be withheld until a satisfactory understanding is reached with the debtor.

Should promises made on the telephone or to the person who called on the customer be not fulfilled, the insert shown in Illustration No. 4 should be sent. This tells the customer that the unpaid account is about to be reported to the Credit Bureau. The wording on this insert has been most carefully considered to achieve a firm tone and yet not antagonize the customer.

Few will be the accounts that resist this collection program. Somewhere along the line of procedure, either payment will be made or some understanding reached with the customer for settlement. Those few now remaining unpaid should be turned over to the collection department of the local credit bureau, or an approved collection agency.

Thus you have a simple, inexpensive, easily handled collection procedure. All the way through, you have used the power of the National name to support your appeals. Smaller businessmen are urged to make every effort to collect accounts promptly. The slow-pay customer not only represents tied-up working capital, but is likely to spend his current cash business elsewhere. On the other hand, the prompt-pay customer is always "open to buy" and comes into the store undisturbed by any feelings of guilt.

A final argument for setting-up and following a definite collection procedure, no matter whether you have ten or several thousand accounts, lies in the fact that all credit granters share the responsibility of educating the consumer to the sound use of credit. It has been said often, but stands repeating, that credit granters have brought on themselves many of the collection troubles of which they complain. When all credit granters insist on respect for terms the whole credit picture will be brighter.

An illustrated color folder showing all the stickers and inserts prepared by the National Retail Credit Association will be gladly sent without charge on request.

"The Customer"

(Beginning on page 26.)

The senior credit executive should see that his staff members are also trained in the art of letter writing. In the beginning, although giving a great deal of leeway, he should supervise all correspondence. By this discretionary censoring of all credit and collection letters, he can be of great assistance in training younger men and women. Paraphrasing the Golden Rule, The Silver Rule of the credit man should be "Write unto others as you would be written to."

Faulty and primitive bookkeeping is a failing of many customers. Personal observation will bear out the fact that failures are few and far between where an orderly set of books is kept and a true financial picture available at any given time.

The average retailer quite often lives beyond his means, or his wife does, and the unfortunate part is that he is not aware he is living beyond his income. Living from the till is so easy. The wise credit man on a personal visit, by means of a few well-chosen and informal questions, can often determine this shortcoming and suggest a remedy. An offer to set up a set of books, to explain the rudimentary principles of accounting, often leaves a residue of good will and helps the customer to the mutual advantage of vendor and vendee. Many retailers are too busy to bother with books, and it is a wise firm executive who recommends that one of the firm's credit department juniors do the job. Besides supplementing the junior's income, it is one of the finest experiences a junior can have in getting to know the inner workings of the customer's side of the business. This training is of inestimable help as the junior moves to more responsible positions. When conversing with other customers he is familiar with their trials and difficulties, and when writing finds it so easy to transpose himself into the customer's position.

The top credit man of the 1950's will have the qualities of both the scientist and the artist. He will be calculating, observant, and analytical but at the same time imaginative, progressive and creative. A single credit man's contribution to business stabilization is negligible, but multiplied hundreds of times throughout the breadth of this land they can and must be a stabilizing force in keeping the commercial ship of state on an even keel. They, by their combined and cooperative efforts can forestall and temper the cyclic swing of the business pendulum from the two extremes of waste and want.

All men are interdependent, perhaps to a greater degree and in more ways than is fully realized. The credit man in his awareness of this fact has become a pioneer in an ever widening field. His key to success is in knowing his customers, servicing his customers, and helping his customers to help themselves. Yes, the customer is always right. ★★★

NOTICE

When writing to the National Office be sure to include the zone number. There are several Jackson Avenues in the St. Louis vicinity and unless the proper zone number is used there will be a delay in delivering your mail. Our correct address is National Retail Credit Association, 375 Jackson Avenue, St. Louis 5, Missouri.

Thank You, Chicago

THE THIRTY-SEVENTH Annual International Consumer Credit Conference, with an attendance of more than 1,200 from all sections of the United States and Canada, closed in a blaze of glory with the banquet on Thursday evening, June 28.

The conference opened on Monday afternoon with a Credit Forum, presided over by Vice President Willard Frieberg, and in which a panel of ten executives, leaders in their lines, participated.

The keynote address was delivered by Henry H. Heimann, Executive Manager of the National Association of Credit Men. His topic "Sound Credit—Our First Line of Defense" was most timely and was presented in his usually fine manner. The addresses by Arch R. Maulsby on "The Man of Tomorrow," Wm. H. Butterfield on "You and Your Letters" and Mrs. Ila Huff on "Effective Citizenship" were excellent and the close attention of the delegates indicated unusual interest. The addresses will appear in The CREDIT WORLD starting with the August issue.

Keen interest was evidenced in the constructive panel discussions on Wednesday and Thursday mornings. The questions, pertaining to current problems and procedures, were enlightening and the answers direct and interesting. The cooperation and participation of members of the three panels contributed much to the success of the conference.

Group meetings on Tuesday, Wednesday and Thursday afternoons were well attended. The discussions of mutual problems were helpful and many delegates felt that this feature alone justified attendance at the conference.

The exhibits of office equipment attracted much attention and proved of considerable interest.

All in all, it was a fine conference. Chairmen R. G. Mihm and J. C. Gilliland and members of the Chicago Conference Committee earned a vote of thanks for a "job well done." They're to be congratulated on the faultless manner in which they handled the many details and the entertainment provided for wives and guests of delegates, the "Get Together" for all on Monday night and the banquet and entertainment on Thursday night.

It's Washington, D. C., next year—June 23, 24, 25 and 26, 1952. Hope you'll be there.

L. S. Crowder

General Manager-Treasurer

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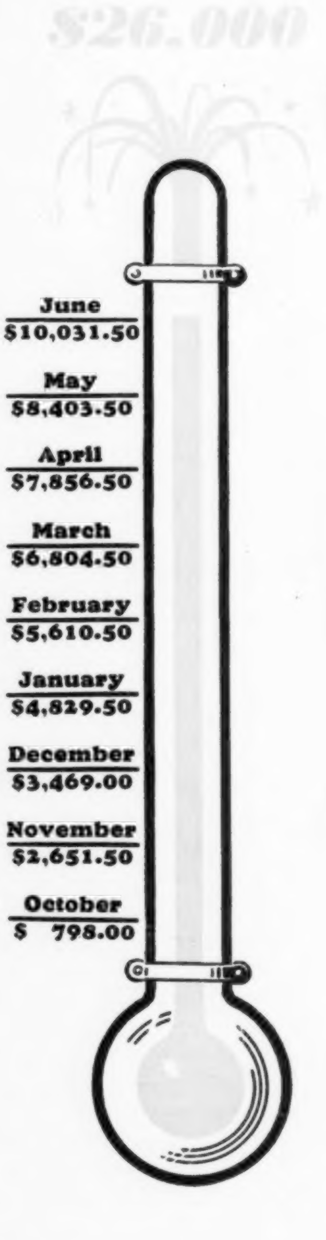

IT IS ANTICIPATED that many members who have not yet done so will want to contribute to the "Buy A Brick" Fund.

To give everyone an opportunity to own one or more bricks in the home of the National Retail Credit Association I have prevailed upon immediate past president Clarence E. Wolfinger, who initiated the drive and has manifested so much interest in it, to serve as chairman for year ending May 31, 1952.

At the meeting of the Board of Directors, Thursday afternoon, June 28, 1951, it was decided to list in The CREDIT WORLD all contributors but to omit the amount contributed. This will be done in the September CREDIT WORLD and monthly thereafter new contributors will be shown.

The final listing will appear in the April 1952 issue and will include the names of all contributors to the fund.

Continued interest in the plan and cooperation of the entire membership should make a "dent" in the mortgage this year.

Am confident we shall be outstandingly successful.

Royce Sehnert

President
National Retail Credit
Association